

## The complaint

Mr A complains about how QIC Europe Ltd (QIC) dealt with a claim under his home insurance policy for damage to his property caused by an escape of water.

QIC use agents to administer the policy and to assess claims. Reference to QIC includes these agents.

In making his complaint, Mr A was supported by a representative (his loss adjuster). References to Mr A include his representative.

## What happened

In April 2020 there was an escape of water at Mr A's property. The escape occurred in a bathroom, damaging the walls, flooring, floorboards and bath panelling. There was also damage to the lounge beneath the bathroom, affecting the ceiling, walls and flooring.

Mr A contacted QIC to notify them of the incident and lodge a claim. He also appointed a loss adjuster (S) to deal with the claim on his behalf. QIC appointed a surveyor to attend the property and assess the damage. However, this didn't happen as Mr A said he didn't want a visit to the property until the risk from the Covid-19 Pandemic had reduced.

Mr A tried to contact QIC from May 2020 to September 2020, but QIC didn't respond. QIC did respond in September 2020, acknowledging their lack of contact and requesting their surveyor visit the property to assess the claim. However, this wasn't possible due to Mr A being abroad because of a family bereavement. But Mr A had already engaged a contractor to repair the damage to his property. As well as requesting a surveyor visit, QIC also requested Mr A provide any documentation relevant to the work carried out.

A scope of work was provided by S to QIC in January 2021, but without supporting documents or photographs. Photographs were subsequently provided the following month, but QIC didn't consider them sufficient to validate the claim, nor what they considered appropriate supporting documentation. QIC confirmed they required a visit to the property by their surveyor. While they'd received a contractor invoice from Mr A for the work carried out (totalling £11,004) QIC said it was undated and didn't include sufficient detail to validate the claim or the costs included.

As a result, QIC said they were unable to validate the claim. And Mr A having the work carried out without QIC's knowledge or authorisation meant he'd prejudiced QIC's position. So, they wouldn't consider the claim.

Mr A challenged QIC's decision and complained. But QIC didn't uphold the complaint, maintaining their decline of the claim. While they accepted there were delays after the incident was first notified to them, they didn't consider they'd jeopardised Mr A's position. They said their surveyor made Mr A aware of the need for a visit to the property shortly after the claim was lodged (but he wouldn't agree due to concerns over risks from Covid-19).

QIC said they also required further documentation (including a dated invoice, evidence of payment of the invoice and supporting images) to validate the claim. QIC also referred to

policy terms and conditions that permanent repairs should not be carried out without first having QIC's written permission. QIC concluded that because they hadn't been provided with the required evidence or permitted access to the property, they couldn't validate the claim until Mr A provided the further information and a visit to the property took place.

Mr A then complained to this service, unhappy at QIC not progressing his claim for four months after he first lodged it and not engaging with S. He was also unhappy QIC hadn't settled his claim and with their position he'd hindered their assessment of the claim by completing work to repair the damage. He wanted QIC to settle his claim by paying the invoice cost (£11,004).

Our investigator upheld the complaint in part. He noted QIC appointed a surveyor when the claim was first lodged, but a visit to the property didn't happen and QIC didn't engage with Mr A to progress the claim. He thought Mr A was inconvenienced in seeking to progress the claim by QIC's initial lack of engagement, and he hadn't acted unreasonably in having repair work carried out given this. So, he didn't think it fair for QIC to use the policy term about not carrying out permanent repairs without their authorisation to decline the claim. But while he concluded there had been an insured event (the escape of water) he also thought Mr A hadn't provided sufficient evidence and information for QIC to validate the claim.

To put things right, the investigator thought QIC should reconsider its position on the claim, based on the remaining terms and conditions of the policy. Mr A should engage with QIC to facilitate an inspection of the property (the repair work carried out) and provide further information (such as proof of payment for the repairs) through his representative. He also thought QIC should pay £200 in compensation for the poor service they'd provided to Mr A.

QIC disagreed with some of the investigator's conclusions and asked that an ombudsman review the complaint. While they agreed there were initially issues regarding the handling of the claim – which meant they thought the £200 compensation reasonable – they didn't agree with the investigator's view about reconsidering the claim based on the remaining terms of the policy. They said Mr A hadn't supplied them with supporting evidence or documentation to enable them to validate the claim, despite being asked to do so several times. They referred to policy terms and conditions requiring policyholders to provide them (QIC) information and evidence to investigate a claim, as well as cooperating with them in investigating and assessing a claim. QIC considered Mr A had breached those conditions (as well as having work carried out before they were able to inspect the damage). They couldn't consider the costs of the work carried out if they weren't able to validate them. As Mr A had refused to provide the information required, the claim had been fairly declined.

Mr A responded to say he thought he'd provided sufficient evidence for QIC to validate the claim, including a detailed scope of works and costs (prepared by S); photographs of the damage and repairs (before, during and after the repair work); and an invoice. He thought an invoice was all that was needed (bank statements weren't needed) and QIC could contact the contractor to confirm the invoice and payment. Mr A also didn't think QIC would provide a fair and reasonable service if they were to reconsider the claim (as the investigator recommended). He believed QIC should pay the invoice in full.

Our investigator considered both responses and issued a further view in which he thought the evidence from Mr A indicated he'd incurred an insured loss. But given the concerns raised by QIC about the information they required from Mr A, he thought QIC should appoint a surveyor to assess the completed work and put a valuation on the work. That figure should be paid to Mr A (together with interest on the sum from the date he incurred the cost of the work to the date QIC paid the valuation of the work).

QIC disagreed with the investigator's further view, confirming their request an ombudsman to review the complaint. They didn't think delays at the beginning of the claim jeopardised the

claim outcome. Mr A was given several opportunities for a QIC surveyor to attend, which he didn't accept. While they accepted a loss had occurred, Mr A hadn't evidenced the loss or allowed QIC's surveyor to validate the loss. Nor would an assessment of the damage after repairs were carried out be sufficient to validate the loss (and therefore the claim). An inspection of the damage before repairs would have given QIC the opportunity to assess the damage. Not being able to do this meant Mr A had prejudiced their position. They also said they attempted to arrange a surveyor visit in September, when Covid-19 restrictions had eased. QIC also questioned why, given Mr A's concerns about Covid-19, he allowed contractors to enter his property and carry out repair work.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My role here is to decide whether QIC has acted fairly towards Mr A.

The main element of Mr A's complaint is that QIC have unfairly declined his claim, and that he's provided sufficient evidence to show he incurred an insured loss as well as evidence of a scope of works and work carried out by a contractor to repair the damage. He wants QIC to reimburse him for the cost of the repair work he's incurred. QIC make several points, including Mr A not obtaining their approval for the repair work to be carried out; not providing them with sufficient evidence and information to support the costs he says he's incurred; and that by not allowing them to inspect the property and validate the claim, he's prejudiced their position.

Having considered all the evidence and information available, including that provided by Mr A and by QIC, I've concluded QIC haven't acted fairly in declining to consider Mr A's claim further. However, I've also concluded it isn't reasonable for QIC to reimburse Mr A for the costs he says he's incurred in repairing the damage to his property. I'll come on to consider what I think is a reasonable resolution in this case, but first I'll set out the reasons I've come to my conclusions.

First, I've considered the general principle, where a policyholder makes a claim for damage or loss under a policy, that the onus is on them to show there was an insured event that caused the damage or loss. In this case, from the evidence available I think there has been an insured event (and escape of water) that would constitute an insured event that caused damage. I've also noted that QIC also accept there was an insured event.

Having come to this conclusion, I've then considered the principle that where an insurer relies on an exclusion in the policy to decline a claim, then the onus is on them to show the exclusion applies. QIC have effectively applied an exclusion by saying, firstly, Mr A has failed to comply with the policy conditions about obtaining their approval for repair work to be carried out. And, secondly, in their response to our investigator's second view, those requiring policyholders to provide them with information and evidence to investigate a claim, as well as cooperating with them in investigating and assessing a claim. Looking at the available information and evidence, I don't think QIC have done enough to show they've acted fairly and reasonably in applying both grounds in the specific circumstances of this case. I'll explain why I've come to this view.

On the issue of obtaining prior authorisation, I've considered the events following the incident and Mr A notifying QIC. QIC acknowledge they failed to engage with Mr A for a period of four months after he notified them of the incident, despite him (his representative) trying to get QIC to respond. I don't think this is acceptable, notwithstanding the issues

around Covid-19 at the time. Given it's accepted there was an insured event (loss) then I don't think it was unreasonable for Mr A to take steps to repair the damage to his property.

QIC refer to policy terms and conditions that require their authorisation for permanent repairs to be carried out. Specifically, they refer to the "*Claims procedures and conditions*" Section of the policy, which states:

"5 You may carry out any temporary repairs that are necessary to reduce any further loss or damage, but do not carry out any permanent repairs without first getting our written permission."

Their view is that Mr A breached these conditions by not notifying them of the repair work or obtaining their written permission. However, given my conclusion about it not being unreasonable for Mr A to repair his property – particularly given QIC's lack of engagement – then I don't think it's fair or reasonable to use these terms and conditions to decline the claim in its entirety.

I've then considered the issue of QIC's validation of the claim, including assessing the damage from the incident, the work needed to repair the damage, as well as the issue of the evidence and documentation to support the cost of the work Mr A says he's incurred (from the invoice he's provided from his contractor).

Normally, where an insured event (loss) occurs, an insurer would assess the damage incurred and the repair work needed to rectify the damage and reinstate the property to the condition it was in before the incident. This would typically include a scope of works drawn up by a surveyor acting for the insurer, which would usually be costed at rates the insurer is able to obtain from its contractors. That scope of works would either then form the basis of repair work carried out by the approved contractor or, as an alternative, form the basis of a cash settlement offer to the policyholder. Where a policyholder elects to use their own contractor, including obtaining an estimate for the repair work, then it would be for the insurer – their surveyor – to review the scope of work and the estimate of costs – to determine whether it's reasonable and a bases for settling of the claim.

In this case, Mr A has had the repair work carried out by a contractor, based on a (costed) scope of works drawn up by his loss adjuster. The invoice for the work provided by Mr A's contractor matched this scope. However, I don't think it's reasonable for Mr A to say QIC should reimburse him for the cost on the invoice (as he's requested). I've concluded this for several reasons. First, it's fair and reasonable for QIC to want to validate the repair work carried out, both in terms of the work carried out (that it was necessary to repair the damage caused by the incident – but not any other work that may not have been caused by the incident, or pre-existing damage or issues). But also the evidence and information to support the costs incurred (as recorded on the invoice).

For the first aspect, I think it's reasonable for QIC to want to assess the damage and the necessary repair work, as part of assessing the claim. While I accept this would ordinarily be done at the point the incident occurred (so the surveyor can assess the damage at the point of the incident) I don't think – as QIC argue – that it's not possible to do this after the repair work being carried out. I think there's sufficient evidence from the photographs and other information, combined with a visit to Mr A's property, for QIC to assess the scope of work provided by Mr A (or produce their own). I think it's reasonable this could then form the basis of QIC assessing the claim and offering a settlement. For example, a cash settlement based on a costed scope of works produced by their surveyor. This would accord with one of the options typically available to settle a claim.

On the issue of the documentary evidence to support the repair cost incurred by Mr A, looking at what I've seen, I think it's reasonable for QIC to want to validate the costs incurred and to ask for further evidence. For example, the invoice is undated and does not make any mention of VAT. In addition there are line items that aren't broken down further (for example, 'management fees'). I also think it's reasonable for QIC to want evidence to support payment of the invoice. However, I don't agree that this means QIC can fairly or reasonably use the policy terms and conditions they refer to about requiring policyholders to provide them information and evidence to investigate a claim, as well as cooperating with them in investigating and assessing a claim, to decline the claim in full.

Taking all these conclusions together, I've concluded that while QIC have reasonable grounds to question the repair work carried out by Mr A's contractor and their ability to validate the claim, I don't think they've acted reasonably in declining the claim in its entirety – particularly as it's accepted there was an insured event.

Having reached these conclusions, I've thought about what I think would be a fair and reasonable outcome to the complaint and what QIC need to do to put things right. As I've concluded QIC can't rely on the policy terms and conditions set out above to decline the claim in its entirety, I think they should assess the claim (including the costs Mr A says he's incurred from his contractor) in line with the remaining terms and conditions of the policy.

I think QIC should assess the claim based on the evidence provided by Mr A, as well as (as appropriate) including their surveyor visiting the property to assess the repair work carried out; the scope of work provided by Mr A and any further information and evidence to support the repair work carried out and the costs incurred.

Should the assessment of the claim lead to a settlement of the claim, QIC should also pay interest, at the rate of 8% simple on the amount of any settlement from the date Mr A can show he paid the cost of repairs to his contractor to the date QIC settle the claim.

### **My final decision**

For the reasons set out above, it's my final decision to uphold Mr A's complaint in part. I require QIC Europe Ltd to:

- Assess the claim (including the costs Mr A says he's incurred from his contractor) in line with the remaining terms and conditions of the policy.
- Assess the claim based on the evidence provided by Mr A, as well as (as appropriate) including their surveyor visiting the property to assess the repair work carried out; the scope of work provided by Mr A and any further information and evidence to support the repair work carried out and the costs incurred.
- Pay Mr A £200 in compensation for distress and inconvenience.

Should the assessment of the claim lead to a settlement of the claim, QIC should also pay interest, at the rate of 8% simple on the amount of any settlement from the date Mr A can show he paid the cost of repairs to his contractor to the date QIC settle the claim.

QIC Europe Ltd must pay the compensation within 28 days of the date on which we tell it Mr A accept my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

If QIC Europe Ltd consider that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr A how much they've taken off. They should also give Mr A a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 April 2023.

Paul King  
**Ombudsman**