

## **The complaint**

Mr G is unhappy with QIC Europe Ltd's handling of, and suggested settlement for, a claim he made for fire damage to his home.

## **What happened**

The details of this complaint are well known to both parties, so I will not repeat them again in full detail here. But to briefly summarise Mr G's property was damaged by a fire and he made a successful claim through his home insurance provider – QIC.

QIC appointed one of its contractors to repair Mr G's home. But Mr G raised several issues with the contractor, including the quality of their works and cleaning, that they caused further damage with their drying equipment, they lost keys and that some personal belongings of Mr G's went missing.

Mr G requested a new contractor, but instead QIC suggested a cash settlement. Mr G has appointed his own surveyor to support him with his claim. He wants QIC to cover his costs, but QIC says these aren't covered under the terms of the policy. Mr G is also seeking reimbursement of electricity costs and lost rental income, in lieu of alternative accommodation payments, as he is staying in a rental property he owns. To date, no agreement over the settlement, including the surveyor's costs, has been reached.

Our investigator considered the complaint and thought it should be upheld. She said the relationship between Mr G and QIC had broken down and without the surveyor, she didn't feel the claim would have progressed as far as it has. So, she said QIC should cover Mr G's surveyors' costs.

She explained that QIC was able to appoint another of its network contractors to complete the works. So, she said it was fair to offer this option, or a cash settlement equal to the amount it would cost QIC's contractor to complete the works – rather than meeting the cost of the quotes provided by Mr G.

She also said she was persuaded by the expert report Mr G provided, that significant further cleaning works were required. So, she said QIC should cover those costs, along with the additional electricity costs Mr G could evidence he'd incurred as a result of the drying works.

Finally, our investigator said QIC should cover Mr G's lost rental income (in lieu of alternative accommodation) until Mr G's property was habitable again, and that it should pay him £2,000 compensation for the distress and inconvenience he's suffered as a result of its poor handling of the claim.

QIC didn't accept our investigator's opinion. As no agreement has could be reached, the complaint was passed to me to decide.

I was minded to reach a different outcome to our investigator. So, I issued a provisional decision, to give the parties the opportunity to respond, before I reached my final decision.

Here's what I said in my provisional decision:

***"What I've provisionally decided – and why***

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

*There have been several businesses and individuals involved in the complaint – acting as representatives or agents of either Mr G or QIC. But for ease of reference, I'll only refer to Mr G and QIC in this decision – even when referring to the actions or arguments of their representatives.*

*Having carefully considered this complaint, I'm minded to reach a different outcome to that reached by our investigator. I'll explain why, addressing each issue in turn.*

***Mr G's surveyor's costs***

*It's not in dispute that things went wrong with QIC's initial contractor. They incorrectly fitted flooring before sufficient cleaning had been undertaken and they lost keys to the property. Items of Mr G's were also incorrectly disposed of.*

*Mr G has also said the wrong drying equipment was used which caused additional damage to his home. I haven't seen that QIC has accepted this point, but Mr G's expert cleaning report confirms this was the case, so I'm persuaded that this happened.*

*Mr G says he didn't feel QIC listened to his concerns when he raised them, so he felt he need to appoint his own surveyor to support him with his claim. I can appreciate why Mr G was frustrated as he felt QIC were appropriately dealing with his concerns. I don't doubt that he felt he needed some support at the time. But I'm not persuaded that it was necessary for him to incur the cost of appointing a specialist surveyor to support him, or that it would be fair or reasonable to direct QIC to cover the costs he incurred in doing so.*

*I say this firstly because Mr G would have been aware that his policy doesn't cover him for professional costs of this nature, as it's explained in his policy:*

*"We don't cover:*

- a. any fees charged to help you prepare your claim; and*
- b. any fees which we have not agreed in advance or do not consider necessary to reinstate the buildings."*

*Secondly, rather than incurring the cost of appointing a surveyor, Mr G could have followed QIC's published complaints process if he was unhappy with QIC, which if not able to resolve his concerns, would have resulted in him being referred to our service – free of charge.*

*Ultimately, it was Mr G's choice to incur the cost of appointing an expert to support him in making his claim, and he made that choice in possession of sufficient information to outline the costs wouldn't be covered, and that there were other options available. So, I'm not currently minded to direct QIC to reimburse the costs Mr G has incurred in appointing his surveyor.*

*To be clear though, I'm not suggesting that things haven't gone wrong, or that QIC doesn't need to put things right. I'll explore this in later sections. However, I don't think it would be fair to direct QIC to cover Mr G's surveyor's costs, when they weren't agreed in advance and when the claim could have progressed without Mr G incurring those costs.*

### Cleaning costs

*Whether or not the cleaning works carried out by QIC were adequate, has been one of the primary areas of dispute.*

*QIC says it has cleaned down the property and applied suitable soot sealing. It says it is confident no further cleaning is required.*

*Mr G disagrees. He instructed a cleaning expert (one who is widely used within the insurance industry) to inspect his house and report on the adequacy of previous cleaning and/or what further cleaning is required.*

*Mr G's report highlighted that significantly more cleaning was required as a result of the fire and subsequent attempted repairs. Given the poor performance of QIC's initial contractor overall, and the fact that Mr G's report was prepared by an expert in their field and is suitably detailed, I'm persuaded that QIC's initial cleaning was inadequate and that further cleaning is necessary.*

*QIC has highlighted that Mr G's report contained works which went over and above that required, for example works to the attic which hadn't been previously agreed or evidenced, and replacement of flooring which Mr G's own surveyor had previously agreed could be sanded and reused. It also included asbestos testing, but QIC has already completed this.*

*I've seen that QIC has included the cost for sanding down the living room floor in its amended scope of works. And QIC has agreed to cover the works to the attic, as a gesture of goodwill, to avoid the need for further site visits. I think this part of QIC's offer is fair.*

*But, as I'm persuaded the remainder of the cleaning works are outstanding, I'm intending to direct QIC to cover the cost of Mr G's report, and for the works required, less the works for the asbestos testing, attic works and living room floor. If Mr G has already paid to have this cleaning work done, I'm also minded to direct QIC to add 8% simple interest to the amount I'm directing it cover, from the date Mr G was out of pocket until the date he is reimbursed – to compensate him for being deprived of the use of that money for other purposes.*

### Settlement offer

*To date there have been several cash settlement offers made, none of which have been accepted. Mr G has also provided his own quotes for reinstatement which QIC hasn't accepted.*

*Mr G has argued that he has reasonably lost faith with QIC and its contractor. Based on this, he feels the fairest thing would be for QIC to meet the cost of his quote.*

QIC says his quote contains some elements which were not agreed between its contractor and Mr G's surveyor during site visits. But in the interest of progressing matters, it agreed to add those works to its own scope. But QIC says it won't meet the cost of Mr G's quote because it has an alternative network contractor who can complete the works, or it can offer a cash settlement in line with the costs it would incur in completing the works.

I've thought carefully about the circumstances here. Ordinarily, where something has gone wrong with works completed by an insurer's contractor, I'd consider it fair for that contractor to get an opportunity to correct things. But given the multitude of things which appear to have gone wrong, I do appreciate that Mr G has completely lost faith in that contractor.

However, QIC is able to appoint another of its network contractors to complete the works. So, in these circumstances, I think it would be fair for QIC to be given the chance to put things right via this alternative contractor in lieu of the original contractor being given another opportunity. So QIC would essentially be following our approach of being given an opportunity to put things right, albeit via another contractor. And I think that's fair.

Should Mr G remain of the view that he doesn't want to allow QIC to do this, then QIC has offered to settle the claim in cash. But it says the amount of the cash settlement will be equal to the amount it would pay its contractor to complete the works – in line with the below policy terms:

*"When settling your claim, if we decide that we can offer rebuilding work, repairs or replacements, we will ask you to choose one of the following options.*

*a. We will choose a contractor (our preferred contractor) and instruct them to carry out the rebuilding work, repairs or replacements.*

*b. We will pay you a cash settlement for the same amount it would have cost us to use our preferred contractor"*

QIC's cash settlement offer is based on an agreed scope of works for the reinstatement works, plus a quote supplied by Mr G for the supply and fitting of a new kitchen. However, Mr G has since evidenced that his kitchen quotes have increased, due to the time it has taken to reach this point and the increasing cost of building materials. So, as I've decided that QIC is responsible for the delays here, it follows that I think it should increase the settlement offer for the kitchen, in line with Mr G's updated quotes.

I've also seen that Mr G has raised concerns, at various points, about items he feels have been missed from QIC's scope. For example, the cost of a rewire, removing his dishwasher and a soda blast. But having reviewed QIC's schedule of works, and the kitchen quote, I can confirm these items have all been included/accounted for in QIC's offer.

QIC has also confirmed that its scope of works is based on certain industry rates, which are regularly reviewed to account for increases in the cost of materials. It maintains that the amount offered is what its contractor can do the works for. So, Mr G has the choice of asking for QIC's contractor to do the works or accepting QIC's cash settlement.

*I've considered QIC's position on the claim settlement and, taking everything into account, I think it's reasonable. So, I'm currently minded to decide that QIC's offer of a new contractor, or its revised cash settlement if Mr G prefers, is fair and reasonable. But, as above, QIC must also increase the kitchen element of Mr G's settlement.*

#### Additional accommodation

*Mr G's policy provides cover for alternative accommodation, and QIC covered his initial costs for this while its contractor was working at Mr G's property. However, QIC correctly pointed out that Mr G's policy only provides this cover for 12 months.*

*Mr G moved out of the alternative accommodation and into a rental property he owns. So, instead of incurring alternative accommodation costs, Mr G has been suffering a loss of rent instead. QIC said it was prepared to pay a further six months loss of rent (in lieu of alternative accommodation which is what the policy actually covers) as part of its cash settlement. It wasn't prepared to cover longer than this, as it says the reason for the prolonged delay to the complaint, was Mr G's dispute over the cleaning.*

*As I'm minded to decide that Mr G's property does require further cleaning, it follows that it is QIC, not Mr G, that is responsible for the prolonged delay to the claim. Because of this, and in light of the issues caused by its contractor which resulted in this complaint, I think it would be fair and reasonable for QIC to disregard the 12-month limitation and continue to cover Mr G's loss of rent (in lieu of alternative accommodation) until his property is habitable again. Or for the period it calculates the repairs would have taken its contractor to complete, if Mr G opts to accept the cash settlement.*

#### Storage costs

*Mr G has complained that QIC's settlement offer doesn't include the full costs he has, or will, incur for storage of his contents.*

*I've seen that QIC has covered some of Mr G's storage costs. But again, it didn't agree that it should continue to cover these costs during the prolonged delay to the claim due to the dispute over the cleaning costs.*

*But again, I'm of the view that QIC is responsible for that delay. So, I think QIC ought to continue covering Mr G's storage costs until his property is habitable again – or for the period it calculates the repairs would have taken its contractor to complete, if Mr G opts to accept the cash settlement.*

*And, if Mr G can evidence that he's already paid for some of these additional storage costs, then QIC should also add 8% simple interest to the amount it reimburses, to compensate Mr G for being deprived of the use of that money for other purposes.*

#### Electricity costs

*Mr G says QIC has failed to reimburse him for the additional electricity costs he's incurred as a result of the drying.*

*QIC has said it is prepared to cover the additional drying costs, subject to receipt of evidence of the costs Mr G has incurred. I think this offer is fair and reasonable.*

*But, as with the storage costs, if Mr G's evidence shows he has already paid for these additional costs, then QIC should also add 8% simple interest to the amount it reimburses, to compensate Mr G for being deprived of the use of that money for other purposes.*

#### Wardrobes, contents and carpets

*Mr G has also complained that he was offered £3,000 for fitted wardrobes, but this amount was later revised to £1,500.*

*QIC explained it had no evidence of this offer having been made. However, it has agreed to honour the offer nonetheless, as a gesture of goodwill. I think this is fair.*

*In addition to the offer for the wardrobes, I can see QIC has offered to pay £1,510 for the remaining contents and £450 for the damaged carpets. As far as I'm aware these figures aren't in dispute. So, in addition to the £3,000 for the wardrobes, QIC should pay these amounts in line with the offer it has already made.*

#### Compensation

*Our investigator thought Mr G had suffered a significant level of distress and inconvenience as a result of QIC and its contractor's handling of his claim and complaint. She said QIC should pay Mr G £2,000 compensation.*

*QIC didn't accept that such a high amount was warranted. It agreed that its level of service had fallen short, and that Mr G had been unduly inconvenienced. But it said £750 was a fairer amount of compensation.*

*I've thought carefully about the full circumstances of this complaint. I do think that QIC has tried to work with Mr G to resolve his concerns and the issues at the heart of his claim and complaint. For example, by reviewing and amending its scope to account for additional items and by agreeing to include works which haven't been properly evidenced or that weren't agreed at the site visit between QIC and his surveyor. But I also can't ignore that a lot has gone wrong with this claim and complaint.*

*I've already broadly summarised the various issues caused by QIC's initial contractor. And I note that when Mr G requested a new contractor, QIC didn't engage with his request and instead stuck with their contractor without offering an explanation. In addition, as explained in the above sections, I'm of the view that QIC is responsible for the length of time this claim has been allowed to continue for, because it failed to adequately clean Mr G's house, and to accept this even in the face of the evidence Mr G provided.*

*As a result of the above, I agree with our investigator that QIC should pay Mr G £2,000 to appropriately compensate him for the impact its errors have had on him."*

QIC responded to confirm that it accepted my provisional conclusions.

Mr G responded to confirm he was broadly happy. But he maintained that QIC ought to cover his surveyor's fees and that it should pay a cash settlement based on his contractors' costs so that he could get the work done without having to rely on QIC or its contractors. He also highlighted the number of hours spent on the claim and complaint, to illustrate that the level of compensation, while significant, was not enough.

Mr G also highlighted some elements of the contents settlement which did remain in dispute, contrary to what I said in my provisional decision.

Mr G highlighted the following contents items which he said remained outstanding:

- Two rugs
- Curtains
- Lampshade
- Two mattresses
- Mirrored wardrobe
- Russian Standard Gold Vodka with box
- Czech Spirit sealed bottle
- 6 miniature bottles of prosecco

I shared Mr G's response about these contents elements with QIC. It agreed there were some elements outstanding, but said it had previously confirmed to Mr G that those items would be settled. However, QIC didn't agree that the mirrored wardrobe, rugs or alcohol required additional settlement. It said the rugs were cleaned and not deemed to be beyond economical repair, the wardrobe was included in the £3,000 offered for the fitted wardrobes and the alcohol had already been settled.

I shared these comments with Mr G who disagreed. He explained that the offer for the mirrored wardrobe, which was freestanding and in a different room to the fitted wardrobes, was clearly separate. He said the rugs were damaged by the fire service and that the £20 QIC says it paid for the alcohol wasn't enough to cover the vodka, let alone all of it. Mr G said he acknowledged these items were relatively minor in the context of the claim, but he felt QIC's attitude to these items was further evidence of poor service.

I've since spoken with QIC and it has agreed to reconsider its position on the wardrobe, subject to evidence that it was damaged in the fire. It also says that if Mr G can evidence that the rugs in question are different to those already cleaned, and/or that they require replacement, that it will consider those too. But it maintains that the alcohol has already been settled. It highlighted that in addition to the £20 paid for the vodka, a further £200 was paid for assorted bottles of alcohol.

### **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.

I've also carefully considered the responses to my provisional decision, and the subsequent comments I've received from the parties.

Having done so, I've reached broadly the same outcome that I reached in my provisional decision. But the award I'm making will differ slightly to take into account the contents elements which were disputed. Where I'm making an additional award, QIC has been notified of that intention and has had the opportunity to comment on it.

As large parts of my provisional decision were accepted by both sides, I'll not go over each point again. Instead, I'll focus on those points which weren't accepted and will address each in turn.

### Surveyor's costs

I fully appreciate Mr G's strength of feeling with regard to QIC's handling of his claim. But I already considered the arguments Mr G has made about his surveyor's costs when reaching my provisional conclusions. The points Mr G has raised in response aren't new and therefore have not persuaded me to change my findings.

I explained in my provisional decision that Mr G's policy does not cover professional costs of this nature, and while I know Mr G understandably felt he needed support, I don't think it was necessary for him to incur the costs of a professional surveyor when he could have followed QIC's complaint procedure and been referred to our service free of charge.

It was ultimately, Mr G's choice to incur the cost of appointing an expert to support him in making his claim, and he made that choice in possession enough information to understand that those costs wouldn't be covered by his policy, and that there were other options available. So, I'm not awarding Mr G's surveyor's costs.

### Method of settlement

Again, before reaching my provisional decision I had carefully considered Mr G's evidence and arguments around how the settlement should be made.

I set out the relevant policy wording which explains that QIC can limit a cash settlement to the amount it would cost it to do the works. But given the poor workmanship and delays which have occurred, I don't think that approach, in isolation, would be fair because I can understand why Mr G lost faith in the initial contractor.

However, QIC is able to appoint another of its network contractors to complete the works required at Mr G's property. And, as stated in my provisional decision, I think it is fair for QIC to have the opportunity to put things right in this way, with a completely new contractor, rather than expecting it to pay a higher cash settlement so that Mr G can use his own contractors.

I appreciate Mr G is worried about the skill and care of QIC's contractor, and that things could go wrong again, based on his experience with the first contractor. But I'm not able to decide on something which hasn't happened yet. My decision here is based on what I think is fair and reasonable at this stage. And for the reasons I've explained, I think it's fair for QIC to have an opportunity to put things right – via a new network contractor – before I would consider awarding a higher cash settlement amount.

That said, given the delays and poor service Mr G has experienced up to this point, I would expect QIC (and its contractor) to prioritise the commencement of his repair works – should he decide to allow QIC to appoint another contractor.

If Mr G remains unhappy to allow QIC this opportunity, then I think it is fair for QIC to settle the claim based on its revised cash settlement offer – including the increased settlement for the kitchen based on the up-to-date quote.



### Compensation

It's not in dispute that this claim and complaint have been delayed by the actions of QIC and its agents, causing distress and inconvenience to Mr G and his family. However, as noted in my provisional decision, QIC has also agreed to settle multiple items despite there not being strong supporting evidence and it has funded (and will continue to fund) alternative accommodation (or loss of rent in lieu of this) beyond the limits of the policy – which goes some way to reducing the level of inconvenience.

I also have to consider that some level of upheaval and inconvenience is to be expected in claims of this nature and isn't something that QIC can reasonably be held responsible for. That said, I fully appreciate that Mr G and his family have been caused significant additional distress and inconvenience, over and above that which could typically be expected, solely due to the actions of QIC (and its agents).

I've thought about what Mr G has said about the time he has spent dealing with QIC. But our service doesn't typically base compensation for distress and inconvenience on the number of hours a policyholder has spent dealing with a claim. Rather, we consider the overall impact of the issues which the insurer is solely responsible for, and that's what I've done here.

Taking everything into account, I remain of the view that £2,000 compensation is enough to fairly compensate Mr G for the distress and inconvenience he has suffered as a direct result of the things QIC did wrong.

### Contents

I shared Mr G's breakdown of outstanding contents with QIC and it confirmed that it had agreed to settle a sofa, curtains, two mattresses and a lampshade – but that these hadn't yet been paid. So, in addition to the awards set out in my provisional decision, I'm directing QIC to settle these items in line with its offer.

QIC initially stated that the mirrored wardrobe was included in the settlement amount for the fitted wardrobes. But it later confirmed it couldn't find specific evidence of this within its complaint file. So, QIC has confirmed it will accept and settle the claim for this wardrobe, subject to evidence that it was damaged in the fire. I think this is fair and reasonable.

QIC also highlighted that it had cleaned several rugs and they were not deemed to be beyond economical repair. So, it doesn't agree that rugs remain outstanding. However, if Mr G can evidence that these rugs are separate to those cleaned, and/or that they are beyond economical repair, then QIC will consider settling those too. I think this offer is fair and reasonable.

In terms of the alcohol, QIC provided a breakdown of the contents it had already settled, which included £20 for a bottle of vodka and 20 plus bottles of "booze" at £200.

I know Mr G disputes the £20 offered for the vodka as he says it was worth closer to £40. But QIC has paid £220, overall, for alcohol, which exceeds the amounts Mr G provided for the vodka, Czech spirit and prosecco. Ultimately, I haven't seen sufficient evidence to persuade me that the £220 paid wasn't enough to cover all the missing alcohol. So, I'm not making an additional direction against QIC for the alcohol.

## **My final decision**

For the reasons explained above, and in my provisional decision, I uphold Mr G's complaint in part.

QIC Europe Ltd must:

- Allow Mr G to choose between appointing another of QIC's network contractors to complete the repairs or accepting its proposed cash settlement. Should Mr G accept a network contractor, QIC should prioritise commencement of the repairs in light of the history of this claim.
- Increase the settlement offer for the kitchen in line with the up-to-date quote.
- Increase the settlement for the fitted wardrobes to £3,000 and settle the outstanding contents items – sofa, curtains, mattresses, lampshade and carpets – in line with the offer it has already made.
- Accept and settle the claims for the freestanding mirrored wardrobe and replacement rugs, subject to receipt of supporting evidence.
- Cover the cost of the cleaning report and the works set out within it, less the cost of the asbestos testing, attic works and living room floor.
- Continue covering Mr G's loss of rent (in lieu of alternative accommodation) and storage costs until his property is habitable again, or for the period it calculates the repairs would have taken its contractor to complete, if Mr G opts to accept the cash settlement.
- Cover the cost of additional electricity usage at Mr G's property as a result of the drying equipment – subject to receipt of evidence.
- If Mr G can evidence he has already paid any of the above costs, add 8% simple interest\* to the amounts he is due, from the date he was out of pocket, to the date he is reimbursed.
- Pay Mr G £2,000 compensation for the distress and inconvenience it has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 29 March 2023.

*\*If QIC Europe Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr G how much it's taken off. It should also give Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

Adam Golding  
**Ombudsman**