

The complaint

Mr H complains that QIC Europe Ltd declined a claim he made under his home insurance policy for subsidence.

Reference to QIC includes its agents and representatives.

What happened

The circumstances aren't in dispute, so I'll summarise the background:

- Mr H's home has an upstairs extension supported by pillars, forming a carport below. He noticed cracks in the extension and pillars after there had been a leak on the water main and got in touch with QIC about it in February 2021.
- QIC appointed C, who surveyed the drainage system. It found no defects but it said there was standing water in the pipework. As this section was the responsibility of the local water authority, QIC asked Mr H to take this further. He did so, the local water authority cleared the pipework, and Mr H returned to QIC.
- C carried out ground investigations and surveyed the drainage system again. It found damage and recommended repairs. QIC told Mr H that once the repairs were complete and the ground had recovered, it would carry out repairs to the extension or pay Mr H to do so.
- In January and February 2022 C carried out work to drains Mr H was responsible for. The local water authority was due to carry out work to drains it was responsible for, but it said it wouldn't do so given the damage to the pillars.
- QIC appointed S, a chartered surveyor, to review the problem remotely. QIC said S' advice was for Mr H to appoint a structural engineer to liaise with the local water authority to have the outstanding drainage work completed.
- Mr H thought this was something QIC should do. He also said communication had been unclear and the claim had taken too long. He complained.
- QIC declined the claim for damage to the building. It said there was no evidence of ground movement and the damage wasn't consistent with subsidence. It thought the pillars had been damaged by settlement, had been the subject of previous repairs, and weren't capable of supporting the extension above. It didn't comment on the way the claim had been handled.
- Our investigator thought the complaint should be upheld. She noted that the pillars had stood for over 40 years without a problem and there had been recent drain problems, so she didn't think it was fair for QIC to decline the claim. She asked it to look into the claim further and pay £150 compensation.

- QIC arranged for S to provide a full report into the problem. S said the damage was unlikely to be related to ground movement and maintained that the advice of a structural engineer should be sought.
- Mr H commented on S' report. He noted S hadn't inspected the damage first hand and reiterated that there'd been no damage in the 25 years he'd lived at the property. He got in touch with the previous owner who said the extension was over 50 years old and hadn't suffered damage during their ownership either.
- QIC offered to pay for a structural engineer to inspect the damage and report on its cause. And to increase compensation to £300 in total. Mr H didn't accept this offer.
- As an agreement couldn't be reached, the complaint has been passed to me.

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.

Having done so, I'm satisfied QIC's offer is fair and reasonable in the circumstances. I'll explain why.

- The policy covers damage caused by subsidence, where subsidence is defined to mean "downward movement of the ground your buildings stand on that is not the result of settlement".
- In a nutshell, QIC declined the claim because it didn't think the damage had been caused by subsidence. It said the damage had been caused by other factors, namely settlement, general degradation, and an inability for the pillars to support the extension above – none of which is covered by the policy.
- This position is supported by a chartered surveyor. Whilst I note Mr H's point that they didn't visit the property to inspect the problem first hand, I can't disregard their professional opinion – and I haven't seen any professional opinion to the contrary.
- However, the extension has stood damage free for a significant period of time – seemingly as much as fifty years – until the recent drain problems, which are directly underneath and nearby the pillars. I don't think that indicates a settlement problem, as that usually happens early in the life of a structure and typically up to the first ten years. Nor do I think it's in keeping with a design fault or similar, such that the pillars are unable to support the extension. That's because no particular fault has been identified and it seems unusual for this kind of fault to surface after such a long time. And rather than a gradual problem, the damage seems to have occurred recently.
- So overall, there is no professional opinion to say the damage has been caused by subsidence. So I don't think it would be fair for me to conclude subsidence was the likely cause of damage. But the other causes suggested by QIC aren't consistent with the evidence, so I don't think it would be fair for me to conclude any of them were the likely cause of damage either. The surveyor suggested a structural engineer inspect the problem. In these circumstances, I'm satisfied that's the fair way to progress the claim and reach a point where the cause of damage is clear.
- QIC has offered to pay for a suitably qualified structural engineer to visit, inspect the problem, and provide a report to set out their professional opinion on causation. The

report should be shared with both parties and, based on the engineer's findings, QIC should let Mr H know whether it will accept or reject the claim – or potentially whether further investigation is required.

- It took QIC nearly eighteen months from the start of the claim to its complaint response, when it declined the claim. Whilst some of that time was spent waiting on the local water authority, which is outside of QIC's control, it still seems an unnecessarily long time to complete ground investigations, survey the drainage and complete some drainage repairs. And I note that after this length of time, the cause of damage remained unclear.
- During the claim, QIC communicated with Mr H through a portal. Lots of messages in the portal said things were going to happen – but had a date in the past. Messages were rare and unclear, often leaving Mr H to question what the next steps were and when they would happen, with limited responses. QIC gave Mr H the impression the claim was accepted, telling him the building damage would be repaired or settled, until the complaint response when it said otherwise.
- Taking all of this into consideration, I'm satisfied Mr H was caused avoidable distress and inconvenience during the claim. I consider QIC's offer of £300 in total is a reasonable remedy to that.

My final decision

I uphold this complaint.

I require QIC Europe Ltd to:

- Pay for a structural engineer to inspect and report on the cause of damage.
- Pay a total of £300 compensation.

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

James Neville
Ombudsman