

The complaint

Mr F and Mrs F complain about QIC Europe Ltd (“QIC”) and the level of disturbance allowance that QIC has offered them, after a substantial flood at their home. They want QIC to honour its offer of disturbance payments until the work was complete.

What happened

Mr F and Mrs F insured their home with QIC.

In February 2020, their home suffered a flood from neighbouring fields.

The flood caused substantial damage to the downstairs of their home. Mr F and Mrs F submitted a claim to QIC.

Their policy included cover for alternative accommodation (up to £150,000) for when their home was uninhabitable due to an insured cause.

At the time of the flood, Mr F and Mrs F had family staying with them, so there were 5 occupants. They also had dogs, and they kept ponies in their grounds.

Mr F and Mrs F discussed the option of alternative accommodation for them and their pets but acknowledged that this would be difficult given their location and property needs. QIC offered that they could remain in the house and be paid a disturbance allowance of £60 per day to reflect the inconvenience caused to Mr F and Mrs F.

On that basis, Mr F and Mrs F agreed to stay.

Drying works began on the property and they were unable to use their kitchen. Instead, they used a microwave and portable griddle in the upstairs of the property.

Repair works were delayed through 2020 and during that time there was an issue with the boiler. The boiler was taken away for investigations to be done on it. The household were without heating and hot water for around 9 weeks while this investigation was done. QIC settled the boiler around July 2020 and a new boiler was installed.

Repair works on the ground floor then began in March 2021. QIC says that the work was substantively completed in late April 2021. Mr F and Mrs F advise that the kitchen works continued, and the kitchen floor was completed around 3 September 2021. After that they were able to use their kitchen again fully, although snagging works continued for a further period after September 2021. QIC acknowledge that these continued until around July 2022. Mr F and Mrs F received some payments for disturbance allowance, totalling around £10,260 to reflect inconvenience until July 2020. This did not reflect £60 per day from the claim until the works were substantively completed, however, so Mr F and Mrs F complained and requested the additional allowance.

QIC declined and argued that the disturbance allowance was only payable for the period when works were actively taking place, or when they were without heating and hot water.

Mr F and Mrs F were not happy with this and contacted us. Our investigator looked into this matter and felt that QIC had paid a reasonable sum for disturbance allowance. They felt, however, that QIC had mismanaged Mr F and Mrs F's expectations about the allowance, and that they should pay £500 compensation for their disappointment.

Mr F and Mrs F did not accept that view and asked for an ombudsman decision.

I issued a provisional decision in respect of this complaint in March 2023. In that provisional decision I set out that I considered that the offer of disturbance allowance to remain in the property was to reflect that works would be ongoing and disruptive. I did not think that there was any further condition agreed to it, such as that it only applied when there was no heat, and that the disturbance allowance was offered in place of Mr F and Mrs F taking up their entitlement to alternative accommodation. I thought that the allowance had been a factor in Mr F and Mrs F agreeing to remain in the property, and so I thought that QIC ought to pay the allowance for the period when works were incomplete or ongoing.

That provisional decision has been shared with the parties and they have been invited to comment.

QIC does not accept my provisional decision and has submitted an email chain which it argues shows that the agreement for inconvenience allowance ended in July 2020.

Mr F and Mrs F have previously indicated that they accept the provisional decision.

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 have considered QIC's additional information. QIC argues that an email, from 27 November 2020, demonstrates that Mr F and Mrs F understood that the inconvenience payments would stop. In the email, QIC advised Mr F and Mrs F that no more inconvenience payments would be made after the June 2020 payment, which reflected the period up to July 2020, and discusses how Mr F and Mrs F would be able to raise the issue with our service if they wished. It states that the property was considered habitable and would remain so through the repair works, as the family could use the utility kitchenette and the cooker which had yet to be removed.

My provisional view is not changed by this thread. I understand that at some point QIC changed its view as to what the inconvenience payments were for and when they would be paid, but this appears to have been unilateral, and not based on the policy.

I understand QIC is suggesting that the entitlement to alternative accommodation would have ended in July 2020, as QIC deemed the property uninhabitable from that point onwards. I do not think it necessary to address when the entitlement to alternative accommodation would have ended, as that policy term was not in fact relied upon. The offer of inconvenience allowance was not defined by the policy but was made as an alternative to the alternative accommodation cover, and was governed by what was said and agreed, rather than by the wording of the policy.

Consequently, the email does not affect my view that QIC offered the payments in return for Mr and Mrs F staying in their home during the work, and that Mr and Mrs F agreed to stay in the home on that basis.

QIC is of the view that the payments would only apply to when the property was uninhabitable. I do not agree. In the email produced it was referred to as an inconvenience allowance, and at that time the repair works had not yet begun. The email also makes clear that the family were not able to use their kitchen as normal and had to make alternative arrangements. This was clearly inconvenient and disrupted the family's enjoyment of their home. The fact it went on for a long period is not relevant as the work and timetable was within QIC's control rather than Mr F and Mrs F's.

I therefore remain of the view that Mr F and Mrs F were offered, and agreed to, the inconvenience payments in return for remaining in the home while work was ongoing. They did this, in reliance on that offer, and so QIC should honour that agreement.

Consequently, for the reasons given above, and in my provisional decision, I uphold Mr F and Mrs F's complaint.

As no comments have been received in respect of my provisional award of compensation, I remain of the view that it is a fair award.

My final decision

For the reasons given above, and in my provisional decision, I uphold Mr F and Mrs F's complaint and I direct QIC Europe Ltd to:

- pay disturbance allowance at a rate of £60 per day from 25/02/2020 up until 03/09/2021 to Mr F and Mrs F: and
- pay to Mr F and Mrs F £500 compensation for their distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F and Mrs F to accept or reject my decision before 25 May 2023.

Laura Garvin-Smith
Ombudsman