

The complaint

Ms M complains about how QIC Europe Ltd (QIC) dealt with a claim on her home insurance. References to QIC include other organisations and individuals acting on its behalf.

What happened

Ms M had buildings and contents insurance with QIC. There was a water leak in her kitchen. Ms M made a claim to QIC. Almost two years later the claim was still not settled. I don't intend to go into all the details of what happened. But I'll summarise the key points and look at whether QIC was responsible for any unreasonable delays.

After Ms M made the claim, QIC arranged for a surveyor to visit. He confirmed there was water damage as a result of a leak, but he said there was also a second leak, which Ms M disputed. She said the leak was from under the sink not behind the washing machine as QIC maintained. There was also a disagreement between Ms M and QIC about what would be covered in the final settlement of her claim, and QIC arranged for two further surveyor visits.

QIC couldn't find a contractor to carry out the work and so made a cash offer instead. According to QIC this cash settlement offer was made over seven months after Ms M made her claim. QIC contacted Ms M about the settlement via its online customer portal. Ms M says she had problems accessing the portal and had told QIC this. Indeed QIC did send some documents to Ms M by email at her request, but it seems not all correspondence was sent this way.

Ms M wasn't happy with how things were going and complained to this service. However, QIC said she hadn't made a formal complaint to it and she needed to let QIC respond first. Although the timeline QIC later sent to this service does record a complaint some months earlier. QIC didn't uphold Ms M's complaint and reiterated the settlement offer.

Ms M wasn't happy with this response and resumed her complaint with this service. Our investigator upheld her complaint. He said as QIC had at that point said it could find a contractor to complete the repairs and Ms M was considering this, he wouldn't comment on if the cash settlement was fair or not. However he said that QIC had caused delays by stating there was a second leak and he felt Ms M should be awarded £400 for this.

QIC didn't agree and so the complaint has been passed to me. Ms M wants a kitchen she can use.

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 uphold Ms M's complaint. I'll explain why.

On 24 March I issued a provisional decision. My provisional decision said:

I intend to uphold Ms M's complaint. I'll explain why.

It has taken far too long to deal with a very simple claim arising from a water leak. Not all the delays were caused by QIC, but I consider that QIC's insistence that there was a second

leak did cause an unreasonable delay. I consider that QIC also caused unreasonable delays in other ways, including:

- *QIC says some of the delay was caused by Ms M asking for further items to be included in the claim. However the original scope of works was amended at least once following the later surveyor visits so it would appear QIC accepted what Ms M said.*
- *QIC initially said it wouldn't replace Ms M's kitchen units as these were damaged by the separate leak. After the second surveyor visit QIC said it would pay for them, and also pay 50% of the cost of replacing the undamaged units, which is what this service would usually accept as standard practice. I can't see that QIC has explained to Ms M about this 50% contribution. This has caused delays because she is looking for the cost of fully replacing the kitchen.*
- *On at least two occasions the surveyors sent by QIC didn't arrange convenient times to visit, so the visits had to be rearranged causing further delays.*
- *QIC offered Ms M a cash settlement in error shortly after the claim was made.*
- *Ms M had difficulty accessing QIC's customer portal. QIC didn't always try to contact her by other means when she didn't reply to messages.*
- *Ms M sent a number of emails to QIC which apparently were never replied to, including emails with quotes she'd obtained for the work and requests for information.*
- *Having originally said it couldn't find a contractor to complete the work, QIC later said it could. However some months after saying it could find a contractor, QIC has still not agreed a way forward with Ms M. This service has requested a copy of the latest scope of works from QIC, but this hasn't been provided.*

Ms M has provided this service with an estimate of the works she says need to be carried out. I understand she has also provided this to QIC. The estimate, from a home improvement company, states:

"...I am writing to confirm the extent of the damage due to the valve leak in your kitchen, the extent of the damage and necessary repair works, this is as follows:

- *Removal and replacement of all flooring, both the chip flooring and laminate flooring in hall and downstairs cloakroom*
- *Removal and replacement of all damaged skirtings in kitchen, hallway and downstairs cloakroom*
- *Paint / decorate where necessary*
- *Replace wall unit kitchen doors (due to obsolescence)*
- *Replacement of kitchen work top*

The base units have blown due to the water damage, shelves have collapsed and therefore to remove then re-fit these units is unrealistic.

We have looked into matching the base kitchen doors with the wall units and have found that this kitchen is now obsolete and therefore this is not an option, therefore you will need to replace these as well.

The work top under the kitchen window has bowed and has come away from the wall, due to the disintegration of the base units

I also must point out that this leak has caused considerable contamination which may need specialist treatment.

Therefore, considering all the above our estimate to complete the kitchen repair work is in the region of £8500 to £10500, depending on unseen damage, as until we remove the kitchen and flooring, we are unable to see if there is any further damage.”

I think in all the circumstances, and particularly as QIC hasn't provided any alternative scope of work, it would be fair and reasonable for it to agree to pay for the work as per this estimate. The estimate explains why the full cost of the kitchen units is included, rather than the 50% cost of the undamaged units as previously proposed by QIC. I think this is reasonable in the circumstances.

The details of this quote are now many months out of date due to the lack of affirmative action from QIC. It's common knowledge that costs for materials continue to increase so I think it would be fair for QIC to pick up any extra costs that Ms M's contractors encounter due to increased charges for these materials. Also when the contractors take out all the damaged items in case any further deterioration is found the extra costs for these should be picked up by QIC too. So, in this case I'd recommend QIC offer to pay the higher end of the contractors estimate at £10,500 plus 20% uplift to cover any such eventualities.

Ms M says not having a properly functioning kitchen for over 18 months has had a significant impact on her mental health. She says she has been too embarrassed to have visitors, including at Christmas. Because QIC insisted that some parts of the kitchen could and should be reused, Ms M has had to keep most of it in place. Unfortunately because some of the water damaged plinths and base units have been removed, over time other parts such as the worktops have started to collapse. Ms M says parts of the kitchen shelves fell on her and crockery has been broken. Ms M says her neighbours told her the units which were removed and are still on her driveway have attracted vermin.

So I think a payment of £400 to Ms M in recognition of the distress and inconvenience caused, as suggested by our investigator, is fair and reasonable in all the circumstances.

My provisional decision

For the reasons given above I intend to uphold Ms M's complaint. I intend to require QIC Europe Ltd to offer to pay for the replacement of her kitchen as per the higher end of the estimate she has provided at £10,500, plus an increase of 20% for inflation.

I also intend to require QIC Europe Ltd to pay Ms M £400 in recognition of the distress and inconvenience caused by the delays in settling her claim.

Responses to my provisional decision

Ms M had no substantive comments to make.

QIC accepted my provisional decision to pay compensation of £400 to Ms M for the delays caused on its part and for any errors and miscommunication.

However, QIC said it was satisfied that its scope of work dated December 2021 was accurate.

QIC said in regard to the cash settlement offer, it would like the opportunity to try and provide a contractor to complete the works, and said if it couldn't, then it would consider quotes from Ms M to do the work.

QIC said:

“However, the quote you have asked us to consider is over double what it would cost us to do the works. Therefore, a more reasonable way of settling this would be for Ms M to provide us with another 3 reasonable costed quotes with true costs of the works for us to review and settle on a reasonable basis. I agree that the costs may have increased since the settlement was offered, however I feel that £10,500 + 20% uplift is excessive and is well over double the costs of what we are offering.”

I think for QIC to make this offer now after such a lengthy delay is not a fair or reasonable way to resolve things for Ms M. She has waited far too long already, and to expect her to wait for QIC to try to find a contractor when it hasn't been able to find one to date is unreasonable. It's also unreasonable for QIC to expect Ms M to provide three more quotes. She has already been without a usable kitchen for approximately two years and any further delay would be completely unacceptable.

So I think the fair and reasonable way to resolve things would be for Ms M to use her own contractor to complete the necessary repairs to the kitchen as per the quote above. Because it isn't possible to tell at this stage what extra work might be needed, I consider it would be fair and reasonable for QIC to pay the actual cost of the work up to a maximum of the higher end of the estimate Ms M has provided of £10,500, plus an increase of 20% for inflation.

My final decision

For the reasons given above I uphold Ms M's complaint. I require QIC Europe Ltd to pay for the replacement of her kitchen up to a maximum of £12,600, which is the higher end of the estimate she has provided at £10,500, plus an increase of 20% for inflation.

I also require QIC Europe Ltd to pay Ms M £400 in recognition of the distress and inconvenience caused by the delays in settling her claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 2 June 2023.

Sarah Baalham
Ombudsman