

## The complaint

Mr and Mrs G are unhappy their escape of water claim was unfairly declined when they were moving out of their home. Mr and Mrs G had a home insurance policy with QIC Europe Ltd ("QIC").

## What happened

Mr and Mrs G made a claim to QIC when an expansion vessel burst in their attic. The incident occurred on the morning Mr and Mrs G were due to complete on the sale of their house. Mr and Mrs G's parents spotted the significant damage caused when they attended to hand over the keys for the sale completion.

QIC instructed a surveyor to review and validate the damage. The surveyor had reported the property was void of furniture when he inspected it. As Mr and Mrs G were selling their house, they'd emptied their property of most of the contents two days earlier. QIC decided to decline the claim. It said under the terms and conditions of the policy, it doesn't cover loss or damage while the buildings are unoccupied or unfurnished.

Mr and Mrs G thought this was unfair. They said QIC had initially raised their expectations by saying the claim would be accepted, but then decided to decline it. They said they'd only been emptying their house as they were about to move, and they'd been visiting their house regularly in the week or so when they'd moved out. They thought in the circumstances it was unreasonable for QIC not to honour the claim.

Our investigator decided to uphold the complaint. Although he thought QIC had fairly rejected the claim in line with the terms and conditions, he did think it wrongly raised Mr and Mrs G's expectations. So, he thought QIC should pay £200 compensation for the distress and inconvenience caused. Mr and Mrs G disagreed, so the case has been referred to an ombudsman.

## My provisional decision

I made a provisional decision on this on 24 May 2023. I said:

*"In its final response, QIC explained why it had declined Mr and Mrs G's claim. QIC have set out the policy conditions for escape of water. QIC have highlighted an exclusion that says it doesn't cover "loss or damage while the buildings are unoccupied or unfurnished". QIC further explained the term unfurnished is defined in the policy as meaning "without enough furniture for normal living purposes". QIC said the list of contents at the time of the incident (which was provided by Mr and Mrs G) wouldn't have been sufficient for normal living purposes.*

*I think QIC have been clear as to why it has declined the claim. Mr and Mrs G thought this was unfair, so I have considered why this was. Mr and Mrs G thought it was unreasonable to apply the exclusion on the day the sale on their house was completing. Mr and Mrs G said the claim would've been for a far greater value if there had been more in the house. Mr and Mrs G said when they made their initial claim they were told it would be covered and were*

*advised to take up the floor. Mr and Mrs G said they wouldn't have done this if the claim wasn't accepted. Mr and Mrs G said they rang QIC up separately and were told their property could be unfurnished for 30 days.*

*I think it is accepted that QIC misled Mr and Mrs G about their claim been accepted initially. I can see this as QIC has accepted our investigator's recommendation of paying £200 compensation for falsely raising Mr and Mrs G's expectations. Mr and Mrs G said they wouldn't have had any of the work done if the claim wasn't to be covered. I have no reason to doubt them on this point, although I do realise this would have caused some difficulty with the buyer and may have resulted in some late renegotiation on the purchase price. However, I think its likely the financial impact would've been less on them.*

*I've considered Mr and Mrs G's point about applying the exclusion on the date of completion. I have sympathy for this point as the policy doesn't exclude cover for moving house. I think it should've stated this specifically if this was the case. As Mr and Mrs G were moving house, at some point they would've needed to move their belongings. So, if something happened to the house in that small window when the belongings had been moved, I don't think it would be reasonable in the circumstances not to consider a claim.*

*However, QIC said the house had been emptied earlier than completion day. I have checked this. As Mr and Mrs G were moving to temporary accommodation until they could move to their new home, they gradually moved out their belonging to the temporary accommodation over a period of time (as they were moving in with relatives). I don't think this is unreasonable, it probably was more pragmatic for them and helped to reduce removal costs.*

*Mr and Mrs G said they only stopped living in the house a couple of days before the incident. I don't think this was unreasonable as its likely they'd transferred most of their contents and belongings at this point. However, they said they visited the house everyday up to the sale and Mr G continued working from the property.*

*When considering the claim, I think it's important that the circumstances of the claim and practicalities are considered. I appreciate QIC have applied the terms and conditions strictly. However, I think the intent of the policy isn't that strict. In the same exclusion the term "unoccupied" is defined as "we consider your home to be unoccupied when it is not lived in by you or your family for more than 30 days in a row". These terms are consistent with what Mr and Mrs G were told when they spoke separately to QIC.*

*I think with the way the policy is written the intent of it is that cover isn't provided when the house isn't been lived in regularly. If I consider what the claim was for – it was for a burst expansion vessel. It would make sense this wouldn't be covered if the house wasn't lived in for a long time as the heating may have been left off for long periods and damage would take much longer to find. However, in Mr and Mrs G's circumstances, I don't think their actions have added any risk to the insurer. I don't think it's pragmatic when moving house to say you become uninsured once you have moved your belongings out of the house. Therefore, I intend to uphold this complaint.*

*Therefore, I intend for QIC to settle the claim in line with the remaining terms and conditions of the policy based upon valid receipts. Mr and Mrs G have incurred costs already, so QIC should review these for reasonableness at normal market rates and not at the cost they would do the work themselves. This is because Mr and Mrs G weren't afforded this opportunity. As Mr and Mrs G have been without this money, I intend to add 8% interest (simple) from the date they paid the costs to the date QIC reimburse them.*

*I think moving house is one of the most stressful events that people experience. I think the incident on the day of completion would've added to that. Unfortunately, these things*

*happen. However, at their time in need I would've expected QIC to be more supportive and accommodating to Mr and Mrs G. I think QIC's interpretation of the circumstances and policy are unfair and this added to what was already a stressful situation. Mr and Mrs G were inconvenienced themselves with arranging the work to be carried out – it may have been possible for QIC to do this after the completion date. Therefore, I think the level of distress and inconvenience has been quite high, so I intend to award £500 in compensation”.*

### **Responses to my provisional decision**

Mr and Mrs G accepted my provisional decision and didn't have anything further to add.

QIC said it was very disappointed with my decision, but it didn't have anything further to add.

### **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.

Given neither party has provided any new information, I see no reason to change my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint. I require QIC Europe Ltd to:

- settle the claim in line with the remaining terms and conditions of the policy based upon valid receipts
- add 8% interest\* (simple) from the date Mr and Mrs G paid costs to the date QIC reimburse them
- pay Mr and Mrs G £500\*\* compensation – for distress and inconvenience.

\*HM Revenue and Customs requires QIC Europe Ltd to take off tax from this interest. QIC must give a certificate showing how much tax it's taken off it if Mr and Mrs G asks for one.

\*\*QIC Europe Ltd must pay the compensation within 28 days of the date on which we tell it that Mr and Mrs G accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 4 July 2023.

Pete Averill  
**Ombudsman**