

The complaint

Mr and Mrs B complained about the unfair settlement they felt QIC Europe Ltd (“QIC”) provided under their policy after a fire at their home. Mr and Mrs B had representation during the claim, but for ease and simplicity, I’ll generally only refer to Mr and Mrs B.

What happened

Mr and Mrs B made a claim under their policy when a fire caused extensive damage to their kitchen. The damage extended to other areas of the property. Mr and Mrs B appointed a claims consultant to represent them for the claim and he was present when QIC’s appointed loss adjuster visited the property to review the damage and validate the claim.

After a significant amount of engagement between the parties, they were unable to agree settlement in three areas – payments in relation to buildings cover, contents cover and alternative accommodation. Mr and Mrs B also weren’t happy with delays to their claim.

Our investigator decided to uphold the complaint. She thought QIC had been reasonable in settlement of most of the claim, as she thought QIC had met its liability under the terms and conditions of the policy. However, she didn’t think QIC had considered evidence that Mr and Mrs B had provided in relation to damage to the external walls of her property, so she said QIC should re-inspect the walls and re-consider its position. Mr and Mrs B disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 3 May 2023. I said:

“I have reviewed all the information that has been made available to me and will set out the key considerations that have led me to my decision.

I have firstly considered the settlement offered under the buildings cover. Mr and Mrs B were offered £104,125 for the damage caused by the fire. Mr and Mrs B felt this should’ve been £10,156 higher due to further recommendations from their structural engineer which they’d subsequently presented to QIC.

As Mr and Mrs B weren’t happy with the resolution of the claim, they had their own engineer prepare a report about the structural damage caused to their property by the fire. The report cost Mr and Mrs B £540 and they would like this reimbursed by QIC. QIC said it didn’t ask or recommend that Mr and Mrs B get the report commissioned, so it wouldn’t reimburse Mr and Mrs B. QIC said Mr and Mrs B’s engineer didn’t carry out any “intrusive or evasive works” and the report was produced “solely [on] a visual inspection”. QIC said its settlement was correct and didn’t take any action after reviewing the engineer’s report.

QIC said the investigations carried out by Mr and Mrs B’s surveyor were limited. I have read the report and it confirms the inspection was a visual one. Even so, I can see the report does observe and recommend “given the extent of structural damage to roof timbers, lintels to window and door heads and high-level masonry, it is recommended that, as a very

minimum, the single storey section of building is carefully removed down to windowsill level and rebuilt". It supports the recommendation by further commentary and photographic evidence.

The report has been produced by a qualified structural engineer, so I don't think QIC has been fair in dismissing its recommendations. The report appears thorough and professionally produced. I think it's persuasive. I don't think QIC has provided reasonable evidence by an equally qualified surveyor or detailed report that contradicts what Mr and Mrs B's expert has said. QIC said the report simply states recommendations. However, on this specific point the surveyor goes further and states this recommendation should be done as a minimum. Therefore, I don't think QIC has been reasonable in taking no action. So, I intend to uphold this complaint.

As the minimum recommendation has been made by a qualified expert, I intend for QIC to implement this recommendation. Mr and Mrs B has had a quote for these works. Therefore, I intend for QIC to settle this aspect of the claim based upon the quote provided or to arrange to get the works completed itself (if they haven't been done already). Mr and Mrs B have incurred the costs in commissioning the report to provide this evidence. As I think QIC were wrong, I intend that QIC refund the cost of this report (£540). As Mr and Mrs B have been without this money, I intend to add 8% interest (simple) from the date this invoice was paid to the date, QIC reimburse the costs.

Secondly, I have considered whether I think the settlement under the contents cover was fair. I can see Mr and Mrs B's initial claim was for £52,389 but I can see during one of the site visits that it was agreed to reduce the level of cover by 17% due to under insurance. I haven't seen any disputes from Mr and Mrs B about the level of under insurance applied, so I haven't considered whether it was reasonable to reduce the level of claim to £43,483. However, QIC only paid £33,000 – so I have considered whether QIC has been fair not to pay the balance (£10,483).

QIC said "we have disputed [Mr and Mrs B's offer] offer and requested you to send us validation for these costs such as photos and receipts". It's not unusual for an insurer to ask for proof of ownership when a claim is made – evidence would normally be provided in the form of receipts or photographs. So, I don't think QIC's stance here is unusual. Mr and Mrs B have explained many of the items were bought from abroad many years ago, so they no longer have this kind of evidence. Mr and Mrs B thinks QIC are questioning their integrity by not settling their claim and demanding this evidence.

I don't think QIC are questioning Mr and Mrs B's integrity, I just think it is following its normal process in validating a claim. I think QIC has shown some goodwill on the claim already by paying for a more expensive kitchen than it was obligated to in order to progress the claim. I don't think QIC has been unreasonable here. There are some high value items been claimed for. Mr and Mrs B haven't been able to show any photographs of these items. If the photos had been destroyed in the fire, I would have sympathy for their point. But, as QIC has been unable to fully validate the claim, I don't think it has been unreasonable by not paying the claim in full.

Mr and Mrs B had said the insurer has some old photos in relation to a previous claim. I don't know if this is the case, and I don't know how long this kind of evidence is kept by insurers. But, if these photos could be found, I don't see any reason why QIC wouldn't fairly consider these. If it didn't, Mr and Mrs B would be able to raise a new complaint, if it is proven these photos do exist and haven't been fairly considered.

Finally, I've considered the delays to the claim and the impact this has had on Mr and Mrs B. Whilst, I think QIC has been fair in the settlement of the contents of the claim, I do think it

should've accepted the structural engineer's recommendations on the re-building of the external wall or commissioned a further investigation by its own expert. I think this has caused delays to the claim.

Mr and Mrs B's policy entitled them to alternative accommodation for 12 months. However, as the delays were caused by QIC, I intend for QIC to cover reasonable alternative accommodation costs to 15 May 2023 (date scheduled for end of reinstatement works) and reasonable additional storage / council tax costs (over and above what Mr and Mrs B would normally have paid before the loss).

With any claim and especially where alternative accommodation is used the policyholder will suffer a significant amount of upheaval. However, this isn't the insurer's fault, this is caused by the event itself. However, I do think the claim could've been handled better and more efficiently by QIC. I think the delays would've added to the distress for Mr and Mrs B, especially given their vulnerable circumstances. Therefore, I intend to award £600 in compensation for the delays QIC caused".

Responses to my provisional decision

QIC didn't respond to my provisional decision.

Mr and Mrs B accepted part of my decision but disagreed with the contents part of the claim. They said they agreed with QIC's loss adjuster on site on *"a presented loss basis minus the agreed level of under insurance at 17%"*. Mr and Mrs B said this conversation was recorded by the loss adjuster's bodycam and they said they followed it up with an email to the loss adjuster summarising what had been agreed.

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.

The only challenge against my provisional decision was in respect to the contents part of the claim, so I will only re-consider this aspect. I will maintain my decision to uphold these parts of the claim.

In respect to the contents section of the claim, I do have sympathy with Mr and Mrs B. Mr and Mrs B said a conversation with the loss adjuster was recorded on a body cam. However, when I've requested this evidence from QIC, the footage exists for the start of the meeting but then strangely isn't available for the remainder of the meeting. I am persuaded some agreement was made at this meeting as Mr and Mrs B followed up the meeting with a letter to the loss adjuster to confirm the points that were made.

Whilst I don't think the follow up letter completely proves what was agreed, I do think it supports Mr and Mrs B's position that an amicable conversation was held, and it appears a level of agreement was made that Mr and Mrs B were satisfied with.

I think its fair for an insurer to have opportunity to validate the claim and to request further information. However, QIC has not responded to my provisional decision, and hasn't provided any further information in respect to the contents part of the claim when it wasn't able to provide the footage from the bodycam.

Therefore, I think on the balance of probabilities its more likely the full contents claim was agreed, subject to the reduction in value for underinsurance. So, I intend that QIC should pay the balance of the contents claim, £10,483.

I issued a second provisional decision on this on 29 June 2023, updating my decision with the requirement for QIC to pay the balance of the contents claim. Neither Mr and Mrs B nor QIC responded to my second provisional decision. Therefore, I see no reason to change this decision, which is stated below as my final decision.

My final decision

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

- Settle the claim for “*the single storey section of building [being] carefully removed down to windowsill level and rebuilt*” - based upon the quote provided or arrange to get the works completed itself. If Mr and Mrs B has already paid this money, QIC should add 8% interest* (simple) (from the date this invoice was paid to the date, QIC reimburse the costs)
- Reimburse the cost of the surveyor's report (£540), plus 8% interest* (simple) (from the date this invoice was paid to the date, QIC reimburse the costs)
- Cover reasonable alternative accommodation costs to 15 May 2023 (date scheduled for end of reinstatement works) and reasonable additional storage / council tax costs (over and above what Mr and Mrs B would normally have paid before the loss).
- Pay Mr and Mrs B £600** – for distress and inconvenience.
- Pay Mr and Mrs B £10,483 to settle the balance of the contents claim.

*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 B 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 B 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 B and Mr B to accept or reject my decision before 14 August 2023.

Pete Averill
Ombudsman