

The complaint

Ms K complains about the cash settlement offered by QIC Europe Ltd after making a claim under her buildings insurance policy. She also complains about QIC's handling of her claim.

What happened

Ms K holds buildings insurance cover with QIC. After noticing her porch was moving away from the main house, she made a claim for subsidence. QIC accepted the claim. It was thought the cause of the subsidence was a combination of leaking drains and nearby vegetation. The drains were repaired. QIC offered Ms K a total cash settlement of £9,990.79 (including VAT) for removal of the vegetation plus the repairs to the property.

Ms K wanted QIC to increase its cash settlement. She thought it ought to include the cost of providing engineered foundations to the porch, as well as a new front door. She also wanted QIC to cover her surveyor's fees. Finally, Ms K was unhappy with QIC's handling of her claim. As the parties couldn't reach an agreement on these issues, she brought her complaint to the Financial Ombudsman Service. At this point, QIC said it would offer Ms K £200 compensation for the delays it had caused.

Our investigator ultimately recommended the complaint be partly upheld. Whilst he was considering the matter, QIC confirmed it would be willing to carry out the repairs, though the investigator noted Ms K didn't want this. He recommended QIC either carry out the repairs, or provide an updated cash settlement offer based on the amount it would cost QIC to do the repairs. However, he didn't think QIC needed to provide engineered foundations to the porch, or provide Ms K with a new front door.

Our investigator thought QIC had led Ms K to believe the policy would cover the cost for her to appoint a surveyor, so recommended QIC cover this cost. Finally, the investigator recommended QIC pay Ms K £350 compensation for the delays with the claim.

QIC accepted our investigator's recommendations. Ms K accepted some of our investigator's recommendations, but wanted QIC to pay a cash settlement based on the amount it would cost her to arrange the repairs. The matter has therefore been passed to me for a 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.

The policy says that QIC may pay in cash the amount it would cost it to arrange the repairs (which may not be the same amount it would cost the policyholder to organise the work). Or it may arrange the repairs itself.

QIC has now offered to carry out the repairs. As our investigator has explained, QIC would need to ensure that any repairs it carries out are effective and lasting. QIC says that if for any reason its contractor can't do the repairs, then it will pay a cash settlement based on the cost to Ms K. I think that was reasonable.

Ms K has said that she doesn't want QIC to do the repairs. If that's the case, then QIC should pay a cash settlement. Our usual approach in such circumstances is that the cash settlement should be the amount it would cost the insurer to do the repairs. Crucially, this is likely to be less than it would cost a consumer to arrange their own repairs. That's because insurers often have arrangements with contractors which means they pay less than the market rate for repairs.

I've noted Ms K's comments that she wants a new start away from QIC, and that she wants her own contractors to do the work so her surveyor can supervise them. That is of course up to Ms K. Though I haven't seen evidence to persuade me that QIC's handling of this claim has been such that it would be fair for QIC to pay the cash settlement based on the costs to Ms K. I'm satisfied that by offering to carry out the repairs, QIC will be doing what is required of it under the policy. If Ms K chooses to instead have a cash settlement, QIC only needs to pay her the amount it would have paid its own contractors to do the work.

Given the time that's passed since QIC initially offered to pay a cash settlement, building costs have increased. It would therefore be fair for QIC to offer any cash settlement based on its current costs to have the repairs done.

Ms K wants QIC to cover the cost of rebuilding the porch foundations using an engineered solution. QIC has refused to do so, as it believes that once the vegetation is removed then the cause of the movement will be resolved. QIC says the porch's shallow foundations are not the primary cause of the movement.

Ms K's surveyor/engineer said the cause of the movement was due to a combination of leaking drains and the proximity of nearby trees. He initially said the trees should be removed or reduced in height, and the porch ought to be demolished and rebuilt with methods that mitigate against the existing poor ground conditions. He said this would require an engineered foundation.

However, Ms K's surveyor then had a number of discussions with QIC about the matter. He said QIC had agreed it would be possible to carry out the remedial work to the walls by propping up the roof, rather than remove the entire structure. He also said that costs towards tree removal and fence replacement to offset the need for engineered foundations had been obtained and approved by QIC. The surveyor provided a revised estimate of costs, which didn't include engineered foundations.

It therefore seems that Ms K's surveyor had changed his mind about the need for engineered foundations to the porch, and was of the view that removal of the vegetation should be sufficient.

So, I think it was reasonable for QIC to refuse to cover the cost of rebuilding the porch's foundations with an engineered solution. QIC has said that once the vegetation has been removed, a period of monitoring would be required. If this shows there is still progressive movement, then I'd expect QIC to consider what further work is needed at that time to provide a lasting and effective repair.

Ms K wants QIC to cover the cost of replacing her front door, however QIC hasn't agreed. As I understand it, Ms K is concerned about whether a repair will last once the work to the porch is complete. As our investigator has said, I can't make a finding about what might happen in the future. Once the repairs are complete, if there is still a problem with the door, then Ms K should discuss this with QIC in the first instance.

The policy only covers the cost of Ms K appointing her own surveyor if QIC agrees to this in advance. Though I agree with our investigator that QIC's email of 2 October 2018 led Ms K to understand this would be covered under the policy. So I think it would be fair for QIC to cover this cost. I understand Ms K hasn't yet paid it.

Our investigator set out the delays that he thought QIC was responsible for when dealing with the claim. He recommended QIC pay Ms K £350 compensation for this. Both parties have already accepted this, though for completeness I agree this is reasonable.

My final decision

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

- If Ms K doesn't want QIC to carry out the repairs, it should offer a cash settlement based on its current costs to do the repairs (not including the cost of engineered foundations). QIC can deduct the £1,000 excess if Ms K hasn't already paid this.
- Cover the engineer's fee of £1,620 (which includes VAT).
- Pay Ms K £350 compensation.*

*QIC must pay the compensation within 28 days of the date on which we tell it Ms K accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 1 April 2024.

Chantelle Hurn-Ryan
Ombudsman