

## The complaint

Mrs Q has complained about her property insurer QIC Europe Ltd in respect of a claim she made when her home was damaged by lightning and a resultant fire.

## What happened

Mrs Q's home was hit by lightning in the early hours of the morning on 5 December 2020 and a fire ensued. A claim was made to QIC.

Mrs Q complained to the Financial Ombudsman Service in April 2022. She was disappointed at the lack of progress of repair by QIC; seventeen months on the home was still uninhabitable and she was still waiting for work "to be authorised" – with the bespoke bath only just having been ordered. She had concerns about the contents claim too, which was also unresolved. Mrs Q said she hadn't been refunded for utilities used in drying her home. She noted she had never been offered alternative accommodation – she and her youngest child had been staying with family since the incident, her eldest child couldn't come and stay with them as there was no room. She'd been told QIC had stopped the allowance it was giving her for staying with family (a disturbance allowance, "DA") from 11 December 2021 – she said QIC told her that her policy only gave her the benefit of that for a year.

When this service contacted QIC it became apparent it was aware of Mrs Q's concerns and felt they were unfounded but it hadn't issued a final response letter. It provided us with its file on 27 April 2022.

Our Investigator confirmed that he would assess Mrs Q's complaint up to the date of QIC's file submission. He initially felt QIC had handled things reasonably and wasn't minded to uphold the complaint. Following further comment from Mrs Q he felt that QIC had caused some delays and should pay £250 compensation. Neither QIC nor Mrs Q were happy with his findings, so the complaint was referred to me for an Ombudsman's consideration.

I also felt it should be upheld, but with a higher compensation award and further DA to be paid by QIC, as well as some directions for it too. So I issued a provisional decision to share my views with both parties. My findings were:

### "Contents"

*Having read all the available detail, I'm not really sure what contents issues remain outstanding. But I am satisfied that QIC should reasonably have been aware that this was not finalised. In its file submission in April 2022, QIC said it had settled the contents claim in March 2021. But correspondence from its file, along with detail submitted by Mrs Q shows that, generally speaking, the contents claim was still being discussed after that time. In fact QIC's claim handler emailed Mrs Q in May to arrange to speak to her to discuss the contents claim and an email from Mrs Q in June 2021 refers to her reviewing a spreadsheet, providing costs for vinyl records but setting aside, at that time, costs for items that might be restorable. That handler seems to have left shortly after that. I haven't seen that the contents claim was further resolved after this point. But QIC should have been managing this claim. As such, I think it's reasonable for me to now require it to review the contents claim and speak with Mrs Q to determine what remains outstanding and look to finalise that.*

#### Utilities and council tax

QIC, when I asked it about paying Mrs Q for these said Mrs Q hadn't presented it any costs for gas and electricity. But I can see that Mrs Q has presented costs at certain points even confirming that some payments to her for utilities were made, the last being for a bill dated July 2021. This is another aspect of the claim QIC should have been managing but again I haven't seen anything in its submissions that make me think it was doing that in respect of this on-going claim issue. QIC will need to gather detail from Mrs Q as to the utility usage at the property after the bill from July 2021 and determine what costs are outstanding for it to pay. As QIC did not manage this aspect previously, to any bill payment that now needs to be reimbursed to Mrs Q, QIC will have to add interest\* from the date Mrs Q paid any sum until settlement is made.

Turning to council tax, usually, if a home is uninhabitable a policyholder is placed into rented alternative accommodation and the insurer will pay the council tax costs for the rented property – because the costs for the home are something for the policyholder to always pay. Here Mrs Q lived with her parents, rather than moving into a rented property, so there was no council tax, under usual alternative accommodation arrangements, for it to pay.

I did ask Mrs Q for details of council tax paid by her parents so I could consider any reasonable loss she may have had for contributing towards household bills. But she was unable to provide anything. I'm mindful though that she was able to confirm that her own home was exempt from council tax charges until March 2022. I'm not persuaded that Mrs Q incurred any extra costs regarding council tax on account of the claim. So I'm not going to require QIC to do or pay anything further in this respect.

#### Alternative accommodation and disturbance allowance (AA and DA)

Mrs Q's policy, where her home can't be lived in due to an insured event will cover her reasonable costs for staying elsewhere. So it doesn't promise that QIC will find or provide AA for Mrs Q. And it requires that she agrees costs with it first. Here QIC is viewing the DA it paid to Mrs Q for living with her parents, as falling under that cover. A DA is often paid by insurers when a policyholder stays in their uninhabitable home, but sometimes where AA they stay in is not like their own home, a hotel for example. In either event the policyholder likely incurs extra costs, and it is the extra cost the DA is paid for. In this instance QIC felt Mrs Q might incur extra costs having to live with her parents, so I can see why it felt this would fall for cover under the AA section of the policy.

I can see that, initially, Mrs Q was happy to stay with her parents. And that even into spring 2021 she told QIC she was still deciding whether or not she wanted to look for a rented property. During summer 2021 she told QIC that she would start to look for somewhere from October – the rental market being too busy in her area during the summer months. So I don't think it's fair to say QIC failed Mrs Q with AA during the claim up until October 2021.

I think QIC could and should have done more when Mrs Q began contacting it in October 2021 about rentals though. Seemingly the area was still very busy, with rental properties being put on and then taken off the market within a couple of days. But, even knowing Mrs Q had been out of her home for so long, QIC's response was that she would have to send it details of each property and wait for up to five days for its approval. Interestingly, despite the policy limiting QIC's outlay to costs incurred within 12 months of the date of loss, it did not tell Mrs Q, at this time, that it would not be responsible for the full cost of a six-month let. It seems it had no issue, in principle, to covering such a cost even though part of the let period would fall outside the limit of the policy.

Given the circumstances here, I think QIC should have looked to arrange a price with Mrs Q which it was prepared to pay for a rental without her having to present a specific property for

*it to consider the cost of – it would have been easy enough for it to determine what the likely costs of rentals in the area were and make a payment to her on that basis. There's no guarantee, of course, that in such a fast-moving market, even having an agreed budget would have allowed Mrs Q to secure a property. But I think it would have eased some of her worry and concern, and made the possibility of her finding somewhere more of a likely prospect. So I'll take that into account when I award compensation.*

*As I noted above, the AA cover does limit QIC's outlay in this respect to a 12-month period. This was the reason it gave for stopping the DA payment to Mrs Q in December 2021. But QIC can't reasonably rely on the policy to limit its outlay in a situation where it has caused delays. So if I think QIC caused the claim to be delayed in the 12 month period, and that, but for those delays, Mrs Q would have been home, with extra costs outside of the limitation period being avoided, I'll likely find it should make a further DA payment to Mrs Q. This at the same rate QIC was previously paying, in line with the period of delay.*

#### *Claim progress and delay*

*In considering this I'm mindful that the house suffered significant damage as a result of the lightning strike. In short the lightning struck the roof, causing a hole and a fire which spread through the wall cavities. With the home then being subjected to hours of saturation by the fire-brigade to put the fire out. This was a substantial and complex repair prospect which would always have required a significant period for reinstatement. But QIC still had to handle it in a reasonably timely manner. So I've looked at what I think are the key issues at the heart of this claim and complaint to see if QIC caused any delays.*

*QIC acted in December 2020 to assess the damage and put a tarpaulin up for protection. Enabling works for replacing the roof took place in February, with the replacement itself commencing in March and completed in late April 2021. That feels like a long time. But I think this is an instance of the time mainly resulting from the complexity and scale of the work. With the surveyor looking for quotes quickly and the agreed contractor being on-board early in the new year. A lead time would be expected and I can't see the repair programme was delayed at all. I might have expected a tin hat or similar to have been put up initially, rather than just tarpaulin, to prevent further damage. It would be more effective than a tarpaulin. But I think, given the scale of the damage already caused to the property, a tarpaulin was a reasonable choice in the circumstances. I think the use of a tarpaulin likely did not delay the claim at all.*

*I see that QIC cleared the property's contents in the run up to the roof work starting. With some stripping out also being done. I think that was reasonable and allowed drying to start in short succession following completion of the roof work. I don't think it could reasonably have started before then, not even had a tin hat or similar been fitted. The property was declared dry around the start of July 2021. I think that was a reasonable period in the circumstances here and I haven't seen anything to make me think that drying of the property was mishandled such that the necessary reinstatement work, due to follow once the property was dry, was delayed.*

*I would have expected though that QIC would have handled the claim such that, once the drying was complete, the reinstatement work would then start quickly and flow towards completion. From what I've seen, I'm not persuaded QIC did that here.*

*QIC has said that the main reason the reinstatement work remained largely incomplete by the end of 2021, with the kitchen and flooring only being fitted in early 2022, is down to Mrs Q not making choices regarding materials to be used. But I think QIC put too much choice onto Mrs Q and it also didn't manage the kitchen and flooring choices effectively, such that delays resulted.*

*A policyholder will always need to have some input in a reinstatement programme. But I can see here that Mrs Q, at times, was overwhelmed with the amount of choices QIC was asking her to make. And I've noted that QIC's contractor was often asking Mrs Q to make choices for things like style of coving and skirting boards, with Mrs Q replying she wanted what had been there before. I see the contractor, at one time told Mrs Q, "we fit [X-style] coving as standard – are you ok with that", or she'd have to show it what else she wanted. The contractor also told Mrs Q she had to source replacement internal doors, and she was given a budget for that. Mrs Q expressed at times how difficult all this was for her. QIC had taken on the reinstatement of the property, so it was up to QIC to do that reasonably on a like basis to that which Mrs Q had before. The property was heavily damaged by the event – but a strip-out programme managed with foresight for the necessary reinstatement to come would have enabled that to be done with minimal input required by Mrs Q. If any delay was caused because Mrs Q didn't provide the detail asked of her, that is QIC's fault. Let me be clear – I am not saying Mrs Q had a free pass to not cooperate with QIC, she should cooperate. And I think she tried her best to do so here.*

*It's also very clear from the submissions that the kitchen and flooring installation, not starting until January 2022, held up the reinstatement programme. With the property still lacking a kitchen and bathroom at the end of 2021 having meant it was still uninhabitable.*

*Mrs Q submitted details for the kitchen to QIC in early 2021. I can see QIC had some concerns about the costs. It required them to be reworked, which Mrs Q sought to do. In June 2021 QIC said it was finally happy with all but the fitting costs. The kitchen company subsequently said that kitchen was no longer available. Mrs Q had to source another kitchen and it was August before costs for that were agreed by QIC's surveyor. But the surveyor had to refer to the claim handler, who was on leave. And even when the claim handler returned from leave and agreed the cost, it was more than a fortnight before payment was made. All of which meant the installation date for the kitchen was January 2022.*

*In my view QIC knew there would likely be at least a 12-week lead time for the kitchen, and getting it installed was integral to Mrs Q being able to move home. It also knew of the limited cover for AA. So, at the very least, when the costs for the alternative quote became available for approval and payment in August 2021, this should have been expedited. Mrs Q shouldn't have just been left to wait whilst the handler was on leave – or for a significant period after her return before this was all agreed. About six weeks in total. That would have allowed for an earlier start for the installation. But I also think QIC should have managed things earlier on regarding the initial quote. As soon as it knew the initial cost for fitting was too high it should have given Mrs Q a simple choice between progressing with that company with a limitation to what it would pay for fitting, or for that company to supply the kitchen, with its contractor fitting it. That would have allowed that kitchen to be ordered such that it could have been ready for fitting shortly after the property was declared dry in July 2021, certainly before the AA limitation period expired in December 2021.*

*I think the flooring installation was similarly mismanaged by QIC. It was also subject to delay due to the handler being on leave in August 2021. But costs had needed to be reviewed at that time because QIC hadn't paid for or ordered the flooring in early 2021 when it initially received quotes. By the time the flooring came to be ordered costs had increased and the sums involved had to be reviewed, with the flooring finally being paid for in November 2021. I know there is reference in QIC's file to it thinking Mrs Q was wanting to change her choice in flooring – but this was never clarified, and QIC's file also notes the quote received in early 2021 was like-for-like as well as reasonably priced. I've seen no good reason for this to be so delayed. I think it's something QIC could have managed better, and if it had the flooring could likely have been installed before the AA limitation period expired in December 2021.*

*I know that Mrs Q told us in April 2022 that the bespoke bath had only just been ordered. From QIC's file this is another reinstatement issue I think it has caused delays in respect of. Its file shows that, in July 2021, Mrs Q had said quotes for a bespoke bath were about £2,500 – seemingly the bath was of a design not commonly found but which matched the sink and toilet (which were not being replaced). QIC's file notes it felt a bespoke bath wasn't necessary, that like baths were available for about £700 or £800, so Mrs Q was encouraged to keep looking for a suitable replacement. The issue then seems to have remained unresolved until a bespoke bath was eventually ordered in 2022. I think QIC should have handled this differently. If it had examples of like baths it should have told Mrs Q what it was prepared to pay and shown her evidence of why that was (the models it felt were like hers). Mrs Q could then have accepted its position, with the agreed bath being ordered, or ordered the bath she wanted whilst challenging QIC as to its proposed cost settlement. Either way the reinstatement would have moved on. I'm also mindful in reviewing the file that QIC had initially also asked Mrs Q to source a replacement shower cubicle and tray. This was recorded in the visit notes from September. This is another example of QIC placing too much work with Mrs Q. I see it then, in December 2021, agreed to have its contractor pick materials like that in place before for reinstatement. Again, had that all been planned and managed correctly, I think the home could have had some sanitary facilities in place before the AA limitation period expired in December 2021.*

*All of which means that I think QIC caused delays which meant the home was uninhabitable in December 2021, which it otherwise wouldn't have been. Mrs Q and her family were still not home by the time of the complaint to this service and then QIC's file submission in April 2022. I intend to require QIC to continue its agreed DA arrangement to the end of that period. It said that was £14 per adult per day, with Mrs Q and her son both being classed as adults. In all of the circumstances here I think that is fair and reasonable. And because I don't know and can't consider how the repair claim continued to be progressed after that time, I think it's fair that I limit the scope of my award in this way. QIC paying DA in the period December 2021 until April 2022, reasonably, in my view, makes up for the delays it caused during 2021 which I'm satisfied prevented the home from being habitable in December 2021. And I'll also take into account the upset caused by this when making my compensation award.*

#### *Outstanding repairs (as of April 2022)*

*I know that in Mrs Q's complaint form she has asked for certain work to be agreed and for dates to be set by which certain things will be done. As well as for some additional costs in respect of flooring. On this occasion though I don't feel I can reasonably make determinations in many of these respects within this decision. The claim has moved on within the last year – and what has happened therein remains very much outside of my scope of consideration. It is also not my role to handle claims. Rather I make decisions on points of contention in respect of which a stalemate has been reached between the parties. Bearing all that in mind, there are three repair issues, including the settlement for the flooring, which I feel I can reasonably comment on here.*

#### *Patched flat roof*

*– The roof works were completed in early 2021. QIC, having seen Mrs Q's complaint in late 2022 did not look to answer Mrs Q's concerns about the roof work. Essentially they are that QIC repaired it by patching it, potentially voiding the 30 year warranty Mrs Q had from its then relatively recent installation. She'd like a specialist roofer to be appointed to assess the roof/repairs. At this stage, I am minded to direct QIC to consider Mrs Q's concerns – including any specialist report she may choose to present. But I won't direct QIC to be liable for arranging such a report or to being bound by its findings. That is because I currently haven't seen any evidence which makes me think its most likely that QIC failed Mrs Q by carrying out an unreasonable repair to her flat roof.*

*Security to windows should be fixed*

*– QIC's file, along with submissions provided by Mrs Q show me that this is also a long-standing issue. In meetings at the property in September and October it was noted that the security locking handles of the windows at the property needed replacing. This was still outstanding when Mrs Q and QIC spoke in December 2021. I haven't seen any detail from the months since, up until 27 April 2022 that suggests this was resolved. If the window handles still haven't been replaced, QIC should now do that as a matter of urgency. I'll bear in mind the fact that they remained as an outstanding repair point between September 2021 and April 2022 when awarding compensation.*

*Flooring costs*

*– The extent of the damage caused as a result of the lightning at the property meant that all the wood flooring had to be replaced. Most of the wood flooring was solid wood. But there was laminate in Mrs Q's bedroom. She wanted to take the opportunity to upgrade the bedroom, so it matched the rest of the wood flooring. QIC agreed for her flooring company to supply and fit flooring throughout the house, agreeing to the upgrade for the bedroom. But said it wouldn't pay for the additional cost of solid wood flooring in the bedroom over and above the cost of like-for-like laminate. So it said it would pay Mrs Q a contribution to the solid wood, bedroom flooring costs. Mrs Q has said it offered her £500 but has never paid this. She feels that it's too low – much lower than what she paid for the laminate damaged as a result of the lightning. QIC hasn't addressed this point. It seems to me that the sum of £500 is akin to what perhaps it might have cost QIC itself to fit laminate in the bedroom. But here, I don't think QIC would ever have sought to replace the bedroom flooring, not whilst having agreed to Mrs Q's wood flooring company undertaking the fitment of the rest of the flooring. Given my general understanding of costs for items like this, I think it seems unlikely that £500 would have been sufficient to cover the wood flooring company's cost for supplying and fitting like-for-like laminate in the bedroom. I'm minded to require QIC, on sight of proof from Mrs Q as to what the cost from the wood flooring company would have been for supplying and fitting like-for-like laminate; to pay her that sum. It should also add interest\* to that sum from the date Mrs Q paid for the solid wood flooring in the bedroom until settlement is made.*

*Compensation*

*I think that here, the details I've set out, are the main failings of QIC which have caused Mrs Q distress and inconvenience. I know she's reported an unsettling out of hours phone call from one of QIC's previous case handler's, who Mrs Q felt was sharing too much personal detail. I also see an internal email conversation which Mrs Q further cites as a sign of unprofessionalism, where the contributors are being very informal with each other. I can understand these caused Mrs Q some frustration. But I think that neither the call nor email materially impacted the claim or Mrs Q. So I'm not minded to take these issues into account when awarding compensation.*

*Looking at the other details I've set out above, I can't be sure here exactly when it's most likely the family should have been able to move home. And they were always likely to be out of their home for an extended period. And I've noted as well that Mrs Q seemed content to keep staying with her parents at least through summer 2021. I am satisfied they should have been home before December 2021, even if the property's reinstatement wasn't entirely finished. So I think it's fair to say they've certainly had five months away from home that could have been avoided (between December and April) but for QIC's delays. I've identified other failures above too which have caused Mrs Q distress and inconvenience which would have been avoided with better claims management. All in all, I think £1,000 compensation is fairly and reasonably due."*

*Mrs Q said the work had been delayed during December 2021 and April 2022 as well. QIC said it agreed with most of my findings – but it felt my compensation award was unfairly and*

unreasonably high. It said that our guidance on awards, available on the internet, suggested a sum between £300 and £750 would be fair and reasonable. It offered to pay £500.

### **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 do appreciate that the property repairs between December 2021 and April 2022 were delayed. There was still some on-going communication regarding repair choices at this time and I said provisionally that QIC generally placed too much emphasis on Mrs Q providing choices. I've made an award of DA which covers the period December 2021, when QIC stopped the DA payment, until 27 April 2022. I remain of the view that is fair and reasonable in this instance.

QIC has said that in giving Mrs Q choices, it was only fairly executing its responsibility to place the property as closely as possible into the condition it was in before the incident. I'm not persuaded that, in this case, that is a fair assessment by QIC. As I acknowledged provisionally, some choice is often given to policyholders, sometimes it's even necessary for them to choose materials where, for example, finishing materials featured in the home before the loss are no longer available. But I explained provisionally that the choices which QIC was expecting Mrs Q to make here went far beyond that – for example asking her to source doors when damaged doors were on site and could easily have been replaced like-for-like by the contractor with no sign something similar was not available.

I appreciate QIC's view on what award, when taking into account our guidance, I should make. I can assure QIC that, as with every complaint I assess, I did take our guidance into account when I came to my provisional decision on compensation for Mrs Q. As QIC helpfully quoted, an award of £1,000 might be made where there has been "serious disruption to daily life over a sustained period, with the impact felt of over many months" causing "substantial distress". QIC clearly views the upset caused as more like considerable distress, which our guidance says warrants compensation of up to £750. But I bear in mind that my findings showed Mrs Q's home, but for QIC's delays, would likely have been habitable before December 2021. Not only did Mrs Q have to spend a lot of time choosing items which should just have been replaced on a like basis, she was out of her home for many months longer than she otherwise would have been. I'm satisfied that my suggested award of £1,000 is both in line with our guidance and other awards made in similar circumstances. I remain of the view £1,000 compensation is fair and reasonable.

Having reviewed the complaint, my thoughts on it have not changed. As such my provisional findings, along with my comments here, are now the findings of this, my final decision.

### **Putting things right**

I require QIC to:

- Further review the contents claim to consider and settle, in line with the terms of the policy, any outstanding aspects.
- Upon sight of proof from Mrs Q as to utility usage at the property after that covered by the July 2021 bill, consider its liability for such, reimbursing Mrs Q any costs reasonably incurred due to the claim. Plus interest\* on any sums to be reimbursed which Mrs Q had paid, from the date of payment until settlement is made.
- Pay Mrs Q a sum equivalent to £28 a day (£14/adult) for the period 11 December 2021 to 27 April 2022 inclusive.

- Review Mrs Q's concerns about the flat roof repair, considering any expert report she should provide in this respect.
- As a matter of urgency, if this has not been done already, replace the window handles.
- Upon sight of proof from Mrs Q as to costs, make a payment to her which reflects what the flooring company would have charged for supplying and fitting like-for-like laminate in the bedroom.
- Pay Mrs Q £1,000 compensation for distress and inconvenience.

\*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require QIC to take off tax from this interest. If asked, it must give Mrs Q a certificate showing how much tax it's taken off.

### **My final decision**

I uphold this complaint. I require QIC Europe Ltd to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Q to accept or reject my decision before 3 October 2023.

Fiona Robinson  
**Ombudsman**