

The complaint

X complained about the settlement value he was offered by QIC Europe Ltd (“QIC”) after it accepted his storm claim under his home insurance policy.

What happened

X made a claim when his polytunnel was damaged in a storm. QIC instructed a surveyor to review the damage and validate the claim. Based on the surveyor’s comments, QIC accepted a storm had caused the damage, and offered a cash settlement to have the structure repaired.

X provided evidence from his own expert indicating the polytunnel wasn’t repairable, so he wanted it replaced.

Our investigator decided to uphold the complaint. He thought the statement provided by X’s expert was more persuasive, so he asked QIC to remove the old polytunnel and replace it with a new one of similar quality.

QIC accepted our investigator’s view, however, there was a wide variation between the parties view on an appropriate settlement value. Our investigator thought the quote provided by X was more indicative of the cost and as QIC didn’t respond in time, the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 12 September 2023. I said:

“I’m going to uphold this complaint and I’ll explain why. Although QIC have since agreed X’s polytunnel should be replaced, its final response on the matter was different. So, as it didn’t make a fair decision on the claim and its still not resolved, this will be recorded as an uphold decision.

However, as QIC have now accepted it made an unfair decision – I won’t consider this point any further and will consider what I think the fair settlement of this claim should be. This is the outstanding point that remains between the parties.

X has provided an updated quote (taking account of inflation) from his local polytunnel supplier for £11,994, which includes all costs associated with removing the damaged structure and replacing it one of the same size and quality.

When QIC first accepted to replace the tunnel, it offered a cash settlement of £837. X explained the quote wasn’t for a polytunnel of the same quality or size but was happy to go with a cheaper quote should QIC be able to find one.

QIC said its surveyor had measured the polytunnel and it was smaller than X had specified. X disagreed – he measured the polytunnel again with his neighbour providing evidence and a description of how his polytunnel was set up in his garden. He thought QIC had deliberately provided a smaller measurement when carrying out the survey.

Our investigator found the information put forward by X to be more persuasive – he told QIC that he thought its measurements were incorrect and said he thought the settlement should be based upon X's quote.

QIC decided to come out and re-measure the polytunnel. X reluctantly agreed, as he was frustrated with what he thought were delaying tactics on his claim. Our investigator had to chase QIC to understand what it had concluded following its latest survey.

QIC increased its offer to £1,789. X said "this wouldn't cover the cost of a new tunnel, let alone the labour, plant hire and materials involved in removing and disposing of the existing tunnel and erecting a new one. It is lower than [its] previous offer. So, I have refused it. I am literally lost for words". X continued "I looked at the website that QIC got their quote from and priced-up a like-for-like replacement. The total is £3,518. Even if their offer yesterday was just for the tunnel (i.e., excluding labour, plant hire, disposal of existing tunnel etc.) it is still way short of what a replacement tunnel will cost".

Having looked at what has happened on this claim, I think QIC has not fulfilled its duty in managing the claim effectively for X. Its approach appears to be one where it has looked to minimise its exposure at every turn rather than fairly assess the claim and settle it in line with the policy terms.

Initially, QIC wouldn't replace the polytunnel. X had to seek a well justified account from a polytunnel expert. QIC subsequently changed its mind and agreed a replacement of the tunnel was more appropriate than a repair.

QIC then offered a very low settlement for the replacement and said its surveyor had said the polytunnel was smaller than X claimed for. When a second surveyor came out, QIC increased its offer. It didn't explain the background to this, but as the second survey was intended for re-measuring the polytunnel, I think it's likely the measurements provided by the first surveyor were incorrect. So, I don't think QIC has treated X fairly.

After this second visit, QIC offered a settlement for the larger polytunnel based on a price from a specific website. But the offer seemingly was for just the tunnel itself. QIC didn't provide any further details. But X didn't think this would cover the cost of the tunnel itself and he said he would also have the costs of labour, plant hire and materials involved in removing and disposing of the existing tunnel and erecting a new one.

I don't think X could provide a replacement tunnel for the settlement QIC has been provided – it simply wouldn't cover all the costs involved. As it hasn't put forward an offer based upon a quote with clear evidence the standard of the replacement is like the original tunnel and the quote covers all the costs, I have no choice but to ask QIC to settle the claim based upon the quote X has provided (£11,994). So, I intend that QIC settle the claim at this level.

I think QIC has handled this claim poorly. This has led to frustration for X and his time has been inconvenienced. He has explained that he's not had the enjoyment of his polytunnel for two growing seasons and he's not been able to grow his own vegetables which saves him money. I think QIC has unnecessarily delayed the claim. X has been without full use of a polytunnel for over 18 months. It's an important part of how X likes to spend his time. I think this will have had an impact on his wellbeing. I think QIC has handled this claim poorly and the impact has been ongoing for a long time. So, I intend to award £750 compensation for the distress and inconvenient caused".

Responses to my provisional decision

X accepted my provisional decision. He also explained he'd suffered a financial loss from

losing two growing seasons with his tunnel. However, he said he didn't want the outcome to his complaint delayed any longer whilst this is considered. He wants to get a replacement tunnel arranged in time for the next growing season.

QIC didn't accept my provisional decision. It said, *"I have reviewed your comments and I think the quote is excessive and the costs are unreasonable, for example, £1,000 cost of removal of polytunnel and £1,600 removal of concrete is excessive, particularly as labour is also added separately"*.

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 appreciate QIC think X's quote is excessive. However, I don't think QIC has engaged with X fairly during this process to provide a settlement themselves that is reasonable. It also had the choice to replace the tunnel itself but chose to cash settle.

QIC has also had visibility of X's quote for some time – so, I think it has already had plenty of opportunity to engage with X and discuss in fair way what it thinks a fair settlement should be. It hasn't talked with X to try and find an agreement that is acceptable to both parties to close this complaint. I don't think it's reasonable this late in the day to pick apart X's quote. This should've been done sooner. I have no reason to believe the quote provided by X isn't genuine, it was originated by a company that specialises in polytunnels. Therefore, I won't be changing my decision on this. I don't think it would be fair to X to delay this settlement payment any longer.

My final decision

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

- £11,994 in settlement of the claim
- £750 compensation – for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 31 October 2023.

Pete Averill
Ombudsman