

The complaint

Mr P and Ms W are unhappy with the delay in progressing a claim on a home insurance policy underwritten by QIC Europe Ltd. They've suffered water damage to their property and want alternative accommodation while the repairs are taking place.

What happened

Mr P and Ms W became aware of an ingress of water which affected their property. The damage seemed to be caused by water entering from a flat roof on an upstairs property. So they contacted their insurer and a surveyor reviewed the damage.

The situation was complicated by the need to reach agreement with the neighbours, dye-tracing the water ingress, finding suitable contractors and what Mr P and Ms W considered unrealistic costings by QIC. Mr P and Ms W were also unhappy with the reputation of the second contractor proposed by QIC after the first contractor was unable to undertake the repairs.

They accept that some of the delays were outside of QIC's control but find the length of time taken and the effort involved in progressing their case unacceptable. And they feel that QIC hasn't listened to their concerns. Mr P and Ms W are also concerned about the impact of carrying out the repair work. They have a young family and Mr P suffers from a breathing condition. But QIC won't offer alternate accommodation while the repairs take place.

QIC responded that it'd instructed a field surveyor to attend and determined that the roof was not covered by Mr P and Ms W's policy due to shared responsibility with their neighbour. But it'd looked at the damage caused internally to their property and a regional surveyor had attended the property to reassess the damage. QIC said it'd appointed a contractor to provide a scope of works. However the firm was unable to carry out the repairs and a cash settlement was offered to Mr P and Ms W.

Mr P and Ms W felt the amount was insufficient. And a joint inspection was conducted with a second contractor, the loss adjuster and the surveyor. The scope of works was adjusted, and an improved cash settlement offer was made. QIC feels the cash settlement on offer to Mr P and Ms W is fair.

Mr P and Ms W weren't satisfied with QIC's response. So they contracted our service and our investigator looked into the matter. After considering further responses from both parties our investigator felt QIC had taken adequate measures to mitigate the dust issue. And he didn't feel QIC should provide alternative accommodation while the repairs took place.

Our investigator hadn't seen sufficient evidence from Mr P and Ms W to suggest QIC's settlement offer was unfair. And he felt QIC was within its rights to use the contractor it'd chosen. But he felt QIC should pay £200 compensation for the delay caused by the change of contractor after the first firm were unable to undertake the work.

QIC accepted our investigator's recommendations but Mr P and Ms W didn't agree.

They were still concerned dust would impact their living conditions and they feel the compensation proposed wasn't adequate for the upheaval and delays caused by QIC. So they've asked for an ombudsman's final 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.

I'm sorry to hear about the difficulties Mr P and Ms W have experienced after water entered their property. I can understand how difficult this would've been to manage with a young family. And unfortunately any claim involving damage following an escape of water is likely to cause some distress and inconvenience while things are put right.

I've begun by looking at the policy wording. Under the heading "settling claims under building covers" the policy document states:

"When settling your claim, if we decide that we can offer rebuilding work, repairs or replacements, we will ask you to choose one of the following options.

i) We will choose a contractor (our preferred contractor) and instruct them to carry out the rebuilding work, repairs or replacements.

ii) We will pay you a cash settlement for the same amount it would have cost us to use our preferred contractor.

If we cannot offer rebuilding work, repairs or replacements (as defined by us) through our preferred contractor, we will pay you fair and reasonable costs to have the work carried out by your chosen supplier."

Home insurance policies often include terms such as these. It means that, in effect, the insurer can decide how to settle. The insurer is the one paying for the claim so it isn't unreasonable for it to decide how to settle the claim and how much it should cost. But I would expect the insurer to look at the policyholder's circumstances when deciding what is reasonable.

As this particularly relates to Mr P's health I've considered their request for alternative accommodation. The home insurance policy provides alternative accommodation *"if you cannot stay in your home because your home has become unfit for living following loss or damage insured by this section"*.

As there will still be a working kitchen and bathroom available during the repairs this wouldn't normally be considered unfit accommodation. And as I've stated above it isn't unusual to experience disruption and inconvenience during repair work following water damage.

I appreciate Mr P and Ms W are concerned about the amount of dust produced and how this will impact on Mr P. They don't feel the proposed solution will be 100% effective in removing dust from property.

So I've looked at the scope of works proposed by QIC. I can see it has been updated to include a clean air dust extraction unit and the damaged area of the property will be sealed off while the work is completed. On balance I feel QIC has made suitable provision for Mr P's health condition and I don't feel there is a need to provide alternative accommodation during the repairs.

Although Mr P and Ms W were unhappy with the reviews they'd seen, QIC does have a preferred contractor able to complete the work. So that option is available in line with the policy terms. And I haven't seen anything to suggest QIC's settlement offer is unreasonable.

Based on what I've seen I find that QIC has acted fairly in offering to complete the repairs using its own preferred contractor, or if Mr P and Ms W are unhappy with this proposal then offering a cash settlement for what it would've cost for QIC's contractor to carry out the work.

Putting things right

I've carefully considered everything both parties have said. And I realise my decision will be disappointing to Mr P and Ms W. But I hope they will now be able to agree a suitable plan to complete the necessary repairs as quickly as possible.

I agree with our investigator that Mr P and Ms W were caused unnecessary delay after the initial contractor provided by QIC stated they were unable to carry out the repairs. And I agree compensation of £200 is reasonable in the circumstances.

My final decision

For the reasons I've explained above, my final decision is that I uphold this complaint in part. I direct QIC Europe Ltd to pay Mr P and Ms W £200 compensation for the delays caused by the change in contractor.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Ms W to accept or reject my decision before 27 February 2024.

Andrew Mason
Ombudsman