

## **The complaint**

Mr J has complained that QIC Europe Ltd declined a claim he made on his home insurance policy for subsidence.

Reference to QIC includes its agents and representatives.

## **What happened**

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Mr J got in touch with QIC to make a claim for crack damage between the extension and main house. QIC appointed a surveyor to consider the damage.
- The surveyor said cracking was mirrored internally and externally, there was ground movement, and nearby trees had impacted the foundation.
- The matter was reviewed by QIC who went on to decline the claim. It said the damage was consistent with ground movement, but a survey of the drainage system hadn't shown any problems. And if trees were the cause of the movement, they predated construction of the extension in 2014, so that would mean the foundation was poorly designed – and damage caused in that way isn't covered by the policy.
- Mr J challenged QIC's position. It said it would carry out site investigations and then have a surveyor review the matter. However, it asked a chartered surveyor, S, to review the matter prior to carrying out the investigations. On the strength of photos alone, S said there was no obvious sign of downward movement. As a result, QIC said the damage hadn't been caused by subsidence and the claim could be declined. The investigations were later carried out but neither QIC nor S commented on them.
- Our investigator didn't think QIC had acted fairly. He was more persuaded by the initial surveyor's opinion than S' and said QIC should reconsider the claim.
- Mr J agreed with this, but QIC didn't. It reiterated what S had said. Our investigator wasn't persuaded to change his mind, so the complaint has been passed to me.

## **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.

- Having done so, I've reached the same outcome as the investigator, for the same reasons. I'll set out the main points to explain why.
- The policy covers damage caused by subsidence. QIC initially sent a surveyor to inspect the damage and I'm satisfied that was a reasonable first step to take.

- The surveyor described damage and wider circumstances consistent with, and typical of, subsidence. That included noting a number of nearby trees. Common industry practice at that stage is usually to arrange appropriate site investigations, such as soil testing with root identification and possibly arborist advice given the surveyor said it was unclear which tree(s) caused the ground movement.
- However, QIC didn't do that. Instead, the matter seems to have been reviewed internally. As a result, a drainage survey was undertaken, but none of the usual next steps I outlined above. QIC declined the claim on the basis the foundation was poorly designed, but without knowing the foundation depth or any other relevant information.
- When that decision was challenged, it said it would carry out a site investigation and ask a surveyor to consider matters further. S didn't inspect the damage or have the benefit of the investigation results when they carried out their review. Nor does it appear they saw or considered the earlier surveyor's findings. They seem to have reviewed the photos alone and, on that basis, said the damage wasn't indicative of downward movement.
- The site investigation results were later received. They showed a high plasticity clay subsoil containing tree roots to a depth of 2m nearby the extension. It's not my role to make a surveying judgement but, on the face of it, these results appear to support the first surveyor's opinion about the cause of damage. So I would have expected QIC to consider the results, perhaps seeking further professional opinion from one or both surveyors. I can't see any evidence that happened.
- QIC's reason for declining the claim changed on S' advice. Rather than saying there was subsidence damage caused by poor design, it said there wasn't subsidence damage at all. I don't think the latter possibility can be conclusively ruled out at this stage. But the main basis for QIC's position is S' advice – which, for the reasons above, is based on a narrow range of the available evidence. It also contradicts the findings of the surveyor who inspected the damage first hand.
- In these circumstances, I'm not persuaded it would be fair for QIC to rely on S' opinion and decline the claim. I'm satisfied it would be fair and reasonable for it to reconsider the claim, in line with the terms and conditions of the policy. It should consider whether the damage has been caused by subsidence and whether the claim should be accepted, subject to any relevant policy exclusions or limitations.
- To do that, QIC should have an appropriate professional consider all the relevant evidence – and whether any other evidence should be gathered. For example, I note the site investigation was remote from the extension and it may be helpful to have it carried out closer. It may also be helpful to take arborist advice. Other investigations may be considered relevant too, but that's for the professional to look into.

### **My final decision**

I uphold this complaint.

I require QIC Europe Ltd to reconsider the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 18 July 2024.

James Neville  
**Ombudsman**