

The complaint

Ms E complains that QIC Europe Ltd unfairly declined cover for a claim she made on a home insurance policy.

What happened

Ms E insured her property with QIC until November 2022. In November 2022, when her policy expired she changed insurers to a different company, who I'll refer to as L.

In December 2022, Ms E contacted L to say there was evidence of a leak which was causing damage to the property. After undertaking enquiries into the claim, L declined cover. It said damage had first been noticed in September 2022, before the policy cover started.

Ms E therefore contacted QIC in order to make a claim. QIC also declined cover for her claim, as it felt the claim should be dealt with by L.

Ms E complained to QIC (as well as making a complaint to L). When it rejected her complaint, she referred it to our service. Our investigator didn't think QIC had acted fairly when it declined cover for the claim. She said it should reconsider the claim. QIC didn't agree, so Ms E's complaint has come to me to make a 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.

QIC's position is that it should be L who deals with Ms E's claim, whereas L's view is that the claim should be dealt with by QIC. If both insurers were able to successfully argue that the other should deal with the claim it would plainly lead to an unfair situation. Ms E has been insured continuously and her policies provide cover for damage caused by leaks. That isn't to say that all, or some, of the damage is covered by either policy – there may be conditions or exclusions which limit the cover provided by the policies.

That being said, L's actions here aren't something I'm considering. The only question I need to address is whether, based on the evidence available to me, QIC can fairly decline cover.

QIC refers to the principle that where a policyholder has moved insurers, where a claim is made the insurer at the time of the damage occurring should be liable. I agree with this. Ms E's account is that she first noticed damage to the property consistent with having been caused by a leak in September 2022. That account is reflected in engineer's reports who attended Mrs E's property when L was assessing the claim Ms E made on L's policy. The report doesn't say that the leak occurred before L's cover started, but the conclusion I draw from it is that the description given by Ms E of having noted damage in September is consistent with the location and nature of the damage seen by L's engineer. I think it's fair to say, based on this report, that the engineer was satisfied the damage had first been noted in September 2022 and that all the damage at the property was caused by the same leak.

It therefore follows that, if damage was noted in September 2022, and only one leak caused all the damage at the property then the date the claim occurred is in September 2022 and so the claim would fall within the period of cover when QIC was Ms E's insurer.

I conclude the claim should be reconsidered by QIC in accordance with the relevant terms and conditions of the policy.

QIC has separately argued to our service that, with the damage being noticed initially in September 2022 but not notified to any insurer until December 2022 (and not notified to QIC until June 2023 after Ms E had been dealing with L), there had been an unreasonable delay in submitting the claim, effectively saying Ms E hadn't properly mitigated her loss or taken steps to prevent further damage.

I'm unable to comment on this as we aren't claims handlers and that point hasn't been put to Ms E, so that she may respond with any relevant evidence to show what happened over the relevant period. There may be conditions and exclusions of Ms E's policy with QIC which restrict or limit cover, but that isn't the subject of this complaint. I've been asked solely to determine whether it's fair for QIC to decline cover on the basis that it believes the claim would be properly dealt with by L. As I've outlined above, I don't think that was a reasonable decision.

My final decision

I uphold this complaint. In order to put things right, QIC must reconsider Ms E's claim in accordance with the remaining terms and conditions of her policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 25 April 2024.

Ben Williams
Ombudsman