

The complaint

Mr M and Ms T complain that QIC Europe Ltd (“QIC”) unfairly declined their home insurance claim as fraudulent.

For ease, I will refer to all actions and comments as those of Mr M.

What happened

Mr M’s complaint about QIC concerns some matters that were previously addressed by this Service in 2021. For ease of reading, I’ve included background of the claim that has been decided previously.

In August 2020, sewage drains close to Mr M’s home overflowed and he was advised by emergency services to leave his property. Contaminated water entered his garden and the subfloor of his home, and he submitted a claim for the damage to QIC. Mr M and his family moved into alternative accommodation (AA).

QIC agreed to this claim and work was carried out by it during September 2020 to sanitise the sub floor in Mr M’s home. A cash settlement for a range of remedial works including the reinstatement of floorboards and floor coverings throughout the ground floor was paid to Mr M at the beginning of November 2020.

When Mr M began the necessary remedial work, he discovered that vermin – rats and squirrels – had entered his home and caused extensive damage to the contents. QIC subsequently turned down his claim in relation to damage caused by the vermin infestation, so Mr M brought his complaint to us.

I issued a final decision in relation to Mr M’s complaint on 10 August 2022. I said that QIC hadn’t acted fairly when it relied on the vermin exclusion to decline Mr M’s claim following the infestation. This was because it should have done more to secure his home when it was sanitising the subfloor. I thought that the subfloor should have been covered in some way, and it would have been reasonably foreseeable to a home insurer that pests or vermin of some kind might well have entered Mr M’s home if the subfloor was left completely exposed.

I said in my decision that when Mr M reported the infestation, QIC attended his home and drew up an inventory of damaged items. At that time Mr M told QIC that he estimated the cost of the damage at around £13,000. So, largely relying on the inventory and photographic evidence, I said that the items damaged by the vermin infestation were:

- Carpets in three bedrooms, landing and stairs.
- Two beds, including mattresses.
- Attic insulation, carpet in the attic and contents of the attic.
- Two bedside cabinets.
- Four paintings.
- Various items of clothing.
- Various shoes and trainers.

- Bedding.

I also said that Mr M informed me that some damage only came to light after he began remedial works and so wasn't listed in the QIC inventory. This was damage to doors, skirtings upstairs, shelves, wardrobes and towels. So I said a fair outcome was for QIC to cover reasonable costs of replacing the inventory items and the items listed above that weren't included in the inventory. I also said QIC should pay for additional costs incurred in having the contaminated items removed.

Prior to issuing my decision Mr M told me he had already replaced the damaged items, so I said in my decision that Mr M should forward the relevant receipts or other proofs of purchase / payment to QIC for it to validate and reimburse the costs. I also said QIC should pay interest at 8% simple per annum on any relevant payments made by Mr M, from the time he made the payment to the time QIC reimbursed him.

In addition, I said that QIC should pay £3,600 for pest control costs, as per the invoice provided by Mr M. Interest was to be paid on this at 8% simple per annum from the time Mr M paid the invoice to the time QIC reimbursed him.

I also told QIC it should cover any AA costs between 1 January 2021 and 28 February 2021, subject to the remaining terms of the policy. Interest of 8% simple per annum should be added from the point in time Mr M paid any AA costs to the time QIC reimbursed him.

I also told QIC to pay compensation of £1,000 to Mr M for the distress and inconvenience caused.

Following this complaint, Mr M engaged in an ongoing back and forth with QIC. He provided it with details of payments and invoices that he said related to the damage caused by the vermin infestation and responded to correspondence from it. Both parties are aware of Mr M's contact with QIC, and so I won't detail it in full here.

In early October 2022 Mr M said QIC offered him a payment of over £6,000 through its portal. This covered the AA costs, the pest control costs, and the compensation awarded. Mr M didn't claim this money through the portal.

In January 2023 QIC wrote to Mr M and said it needed supporting evidence for 30 items being claimed for, as it wasn't clear how those items were relevant to the infestation claim. In the same letter QIC listed an additional 22 items that it said were building related materials. It said Mr M had built a full two storey extension onto his home sometime after April 2021. So it said it needed to question what these building materials were related to.

The letter also contained a list of 42 items, totalling £6,017.49 which QIC said were wholly unsubstantiated. It said it appeared that some of these payments were for vehicle tyres, aftermarket car parts and possibly power tools.

QIC said the value of all of the listed items was £39,755.48. And that a total of more than £60,000 was being claimed by Mr M. It said given that Mr M's initial estimation of the value of the damaged items was around £13,000, it felt it was reasonable for the items to be substantiated by Mr M and it asked for this to be provided.

QIC also told Mr M that it would be open to discuss a settlement in line with the initial valuation reached of around £13,000.

QIC then wrote to Mr M on 17 January 2023. It confirmed Mr M had provided it with a number of invoices. It also said it had serious concerns over the items being claimed for and

about aspects of the claim in general. It thought there was evidence to suggest Mr M had attempted to maximise the claim being made.

In order to demonstrate this, QIC used the example of the claims made by Mr M in relation to the bathroom in his home. It said Mr M provided an invoice for tiles that was for over £7,000. It said the description of the tiles on the invoice corresponded with a recent image Mr M provided of a bathroom in his property. QIC said it thought the bathroom in Mr M's home at the time of the insured event was noticeably smaller than the bathroom Mr M had provided photographs of. So QIC thought significant renovation and building works would have had to have been carried out to get the bathroom to the size shown in the more recent photographs. QIC said it thought Mr M had tried to claim works and materials for an entirely newly built bathroom that potentially formed part of the new two storey extension and was therefore unrelated to the index claim. QIC told Mr M if there was evidence to suggest otherwise, it would consider it.

So QIC asked for images of all purchased items in situ at Mr M's home, as well as images of the items they had been purchased to replace. This was in order to evidence ownership of the same specific item prior to the flood / vermin issue. QIC asked that for online transactions Mr M should provide a breakdown of all items that formed part of any multiple item orders. It also said that where evidence had been submitted in relation to faster payments to individuals, it wanted a detailed description of what services or works these payments related to.

QIC again wrote to Mr M in April 2023 and said it needed to instruct an in-house surveyor to attend his property again in order to establish further details regarding the scope of the claim. QIC said it had been unable to secure suitable evidence of ownership of a number of items, nor any evidence of exactly what certain payments or transactions were for. So it felt a visit to Mr M's home was necessary to gather information about the claim. QIC told Mr M it wanted the surveyor to use a body worn camera.

While Mr M agreed to a particular surveyor attending his home, he told QIC he was reluctant to have a visit carried out where the surveyor would be wearing a camera.

QIC told Mr M in mid-July 2023 that it would not instruct a surveyor to attend unless they could use a body worn camera, so the visit was not arranged, and Mr M instead provided photographs of the internal layout of his home.

QIC then wrote to Mr M in early September 2023 and told him it wanted to give him an opportunity to address discrepancies it had identified with his claim. This letter from QIC was lengthy and so I will summarise the discrepancies identified by QIC. These were:

- Mr M's initial estimation of the value of the damage was £13,000. This rose to more than £60,000 following the decision by the Financial Ombudsman Service.
- Mr M told QIC that the initial estimation of £13,000 related to just one single room on the first floor. However, QIC said it was clear during the discussion with Mr M on site that the costs estimated were for contents and damage to the first floor and loft as a whole.
- There was over £6,000 worth of unspecified items claimed for which included motorbike tyres, car parts and power tools. QIC said these appeared to be unrelated to vermin damage.
- Mr M submitted a bathroom invoice totalling £6,199.77 and a tiling invoice totalling £7,034.40. QIC said Mr M told it, in response to its letter dated 17 January, that the tiles related to the replacement of two bathrooms in the property. QIC said

photographic evidence suggested the upstairs bathroom was in a part of Mr M's home that was not constructed at the time of the vermin damage. QIC said this was contrary to Mr M's account that the invoices supported a simple refurbishment of the existing bathroom that was damaged.

- Carpets being claimed for, totalling £6,497, appeared to have also been laid throughout the upstairs of the newly built part of Mr M's home.

Mr M complained to QIC in early September 2023 about his claim not yet being settled.

On 17 November 2023 QIC told Mr M that his response to its letter in September did not adequately answer the evidential discrepancies in relation to his claim. It said it was satisfied the bathroom that was in Mr M's home at the time of the infestation had been ripped out and replaced with a new bathroom situated in an extension that did not exist at the time of the insured event. And invoices submitted as part of the claim related to the furnishing of this new bathroom. So QIC said it was satisfied that these invoices were provided by Mr M with the sole intention of maximising his claim.

QIC also said it thought the initial valuation of the contents at £13,000 was accurate. It said more than £35,000 of the items claimed for remained unsubstantiated. QIC said it was satisfied Mr M had knowingly attempted to claim for items and works not damaged by or carried out in relation to the flood or vermin infestation.

QIC pointed to the fraud clause in its policy booklet and said the entirety of Mr M's remaining claim, as stipulated by this Service for it to meet, was repudiated and would not be paid.

On 20 November 2023 QIC issued a final response to a complaint Mr M had made about its dealings with him. It said it made the correct decision in relation to declining to pay his claim.

Mr M's current complaint concerns the actions QIC has taken to repudiate his claim due to the alleged fraud. Mr M told this Service that he had provided QIC with all information requested by it and had been left in a terrible position with two young children. Mr M said he had found it really difficult to get in contact with QIC while it was looking into his claim. Mr M asked that QIC deal with his claim as directed to by this Service under the previous final decision.

I issued a provisional decision on 22 November 2024. I said I intended to say that QIC acted in a fair and reasonable way when it said Mr M tried to exaggerate the extent of the claim and when it subsequently declined to pay the vermin infestation claim in its entirety. I gave both parties the opportunity to respond.

Mr M responded and said he did not accept the provisional decision and felt the complaint should be upheld. He made the following points:

- In October 2022, when QIC purportedly offered payment of £6,000 via the claims portal, Mr M was unable to access the portal. He said he told QIC about this on the phone and was told he could not access the portal because the claim or policy had been closed. So Mr M said he didn't have the opportunity to accept the offer.
- There was no other offer or approach for negotiation by QIC to discuss a settlement. This simply did not occur. Mr M said he was willing to discuss an amicable settlement now and at any time.
- Mr M said he cooperated at all times with QIC and provided QIC with all reasonable information and documentation as required. He said there was no attempt to exaggerate the claim.

I contacted QIC and let it know that Mr M was willing to discuss a settlement and asked if it was willing to consider this. QIC responded and said it reviewed the request made by Mr M but decided it was not prepared to offer a settlement in this case.

I am now in a position to issue 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.

I first of all want to clarify what I am looking at in relation to this complaint.

Within my decision of August 2022 in relation to Mr M's vermin infestation claim, I relied on the evidence that was available to me up to that point in time to instruct QIC to consider the claim, within specific parameters. This current complaint concerns the matters that followed that decision. QIC has invoked the fraud clause in the policy terms in light of matters that followed my previous decision. So within this decision I will be considering the alleged fraud and determining whether QIC acted fairly when it relied on this clause.

Specifically, the matters that followed my decision concern the invoices, payment receipts and details of other payments made by Mr M which he provided to QIC as part of the infestation claim and which he asked to be reimbursed for. QIC said many of the invoices and payments appear to be unconnected to the infestation claim and demonstrate that Mr M has tried to exaggerate the extent of the claim. It said this is why it has relied on the fraud clause in its policy terms to decline the claim in its entirety.

Following my August 2022 decision, QIC said it expected Mr M to provide it with receipts or other evidence of payments relating to the vermin infestation totalling around £13,000, as this was the value of the items listed as damaged on the inventory it prepared when Mr M first reported the vermin infestation to it. I think it's fair to say that the amount claimed by Mr M might well have been marginally higher, as there were also other items not listed on the inventory, such as damage to doors, skirtings, shelves, wardrobes and towels, that Mr M discovered were damaged after the inventory had been completed. But I also think a request to reimburse an amount in excess of £60,000 is over and above what I would have expected to see in relation to this claim.

While QIC was considering Mr M's claim, it asked him for clarification about each item he was seeking to be reimbursed for. But when it let Mr M know it wouldn't pay his claim, its primary focus was on the invoices submitted for both works and materials relating to a bathroom in Mr M's home. QIC said it thought the bathroom that was in place in Mr M's home during the vermin infestation had been ripped out by him during the building of a two storey extension to his home. It said the bathroom related invoices Mr M submitted to it were for works relating to, and the furnishing of, a new bathroom that wasn't in existence at the time of the infestation. It said it thought these were submitted by Mr M with the sole purpose of maximising his claim.

The bar for suggesting a consumer has exaggerated the extent of their losses relating to an insurance claim is high, so I need to be satisfied that QIC acted fairly when it decided to rely on the fraud clause to decline the claim. In order to decide this, it isn't necessary for me to look at each and every receipt, invoice or payment and determine whether each one was or wasn't related to the infestation. It's enough for me to examine one aspect of the claim, in this case what Mr M asked to be reimbursed for in relation to the bathroom at his home, to see whether I think QIC acted fairly here.

I'll explain why I say that I'm satisfied that QIC has acted fairly in relying on its fraud clause in this case.

It seems important to say here that the sanitaryware and tiles in Mr M's bathroom weren't listed in the inventory prepared by QIC in 2020. Nor were they listed in the items Mr M said he discovered were damaged after the inventory was completed. So they weren't detailed in my decision as items that QIC should expect Mr M to seek reimbursement for.

I will, however, put that to one side and consider whether I think QIC has done enough to demonstrate that the invoices I've listed below relate to works carried out in a bathroom that didn't exist at the time of the vermin infestation and so was not work Mr M was entitled to claim for as part of the infestation claim.

I was aware at the time I issued my decision in August 2022 that Mr M was having an extension built to his home, as Mr M informed me of this. So I think it's fair to say that all parties are in agreement that Mr M has built a sizeable extension to his home in the last few years. But, for completeness, I will say that QIC provided photographs, taken from an internet street map application, of the outside of Mr M's home both before and during the building of the extension to his home. These show that Mr M was in the process of extending his home in late 2021.

QIC has provided copies of the invoices Mr M sent to it relating to works carried out on a bathroom at his home. These are an invoice for £7,034.40 for a range of tiles and an invoice for £5,199.77 for sanitaryware and bathroom fittings. QIC said Mr M told it these invoices relate to work carried out to refurbish his existing bathroom.

QIC has also provided evidence of the planning application made by Mr M, which showed the layout of his home as it was in late 2020 – when the planning application was made to his local council – before the two storey extension was built. At that stage the bathroom was shown to be a relatively small room, directly at the top of the stairs in his home.

So given where the planning application shows the bathroom to be prior to the extension being built, I'm satisfied the room directly at the top of the stairs in Mr M's home was the sole bathroom on the first floor at the time of the vermin infestation in late 2020.

The planning application also shows that Mr M applied to his local council to install two new upstairs bathrooms in the new two storey extension. The plans show that the existing bathroom would not remain a bathroom and there were, in fact, no plans for there to be an upstairs bathroom in the part of the house that existed at the time of the vermin infestation.

Mr M also submitted photographs of the layout of his home, which were taken after the completion of the extension. Several of these photographs show that the room at the top of the stairs was no longer a bathroom. The photographs show that the room no longer contained sanitaryware of any kind and was simply an empty room.

At the same time, Mr M submitted a photograph to QIC of a newly refurbished bathroom. QIC said Mr M told it that this bathroom was his old bathroom that he had refurbished after it had been damaged following the infestation. So he said he was claiming for the cost of this refurbishment.

However, I'm satisfied that this refurbished bathroom is, in fact, in the newly built part of the house. I say this because the layout photographs show that the refurbished bathroom in the photograph is reached by turning right at the top of the stairs and there was, in fact, no right turn at the top of the stairs prior to the extension being built. So I think it's fair to say that any

room that can now be reached by turning right at the top of the stairs forms part of the newly built extension. And, as such, did not exist at the time of the vermin infestation.

I will add that a simple visual comparison of the photographs of the old bathroom and the new bathroom suggests they are different rooms, as the new bathroom is quite clearly substantially bigger than the old.

So I'm satisfied that the photograph of the bathroom, submitted to QIC by Mr M when he was asked for photographs to help substantiate his claim, does not show the old bathroom in existence at the time of the infestation, but instead shows the newly built bathroom.

I've referred above to an invoice for £7,034.40, which was for a range of tiles. The invoice details a quantity of 'herringbone' tiles. From what I can see, the larger, newly constructed bathroom in the extension built by Mr M is the only room where herringbone tiles have been used. In addition, one of the items in the second invoice I referred to above is a 'freestanding bath'. The photograph of the newly built bathroom shows a freestanding bath has been fitted.

So, based on the evidence that's been presented to me, I'm satisfied that the tiles detailed in the invoice totalling £7,034.40 and the freestanding bath in the invoice totalling £5,199.77, which Mr M asked to be reimbursed for, are the tiles and bath that were used by Mr M in the new bathroom in the newly built extension.

It's important to add here that I think a reasonable consumer in Mr M's position would know that they could not seek reimbursement as part of a home insurance claim for items and works that were unconnected to and so undamaged by the insured event. I'm satisfied that a reasonable consumer would have known that the claim did not cover a section of a house that did not exist when the infestation happened.

So, I think it's fair to conclude that QIC acted fairly when it said Mr M has tried to fraudulently maximise the value of his claim by claiming for items and works that were not linked to the vermin infestation.

QIC has declined Mr M's infestation claim in its entirety and said it relied on the fraud clause in the insurance policy to do that. I've seen a copy of the policy booklet provided to me by QIC as well as the fraud clause wording used by QIC when it wrote to Mr M to decline his claim. While the specific wording of these differ slightly, they convey the same message. Namely that if a fraudulent claim is made, then QIC doesn't have to pay the claim. This type of clause and the cancelling of fraudulent claims in their entirety is standard practice within the insurance industry.

For the above reasons I'm satisfied that QIC acted fairly when it said Mr M tried to exaggerate the extent of his claim, and when it subsequently declined to pay the vermin infestation claim in its entirety.

When Mr M responded to my provisional decision, he made a number of points, and I will address those here.

Mr M said that QIC did not approach him, as I said it had earlier in this decision, to discuss a settlement. But I can see that QIC did, in fact, write to Mr M on 5 January 2023 to request additional evidence of payments made by him. At the end of that letter QIC told Mr M that if he wished to contact QIC to discuss offers of settlement then QIC might be amenable.

As I said, I contacted QIC following the provisional decision to ask if it might be willing to consider a settlement now. QIC declined. While I know that Mr M was hoping for a

favourable outcome here, it is for QIC to decide whether it wants to try and reach a settlement with him. My role here is limited to considering the fairness of QIC's treatment of Mr M's claim, which I have already decided was dealt with in a fair and reasonable way.

Mr M also said he was unable to access QIC's claims portal and so didn't have the opportunity to accept the partial settlement of around £6,000 that was available early on in the claims process.

I can certainly see why Mr M would find it frustrating not to have been able to accept the £6,000 at that earlier stage, before QIC opted to withdraw it. But again, as outlined above, I've decided that QIC acted fairly when it decided not to pay the claim in its entirety, and this includes not paying the amount it had previously told Mr M he could claim through the portal.

I know that Mr M was concerned about issues that arose while QIC was assessing his claim, so I will address those now. One of these was the requests made by QIC for information to substantiate the claim.

It's reasonable for QIC to want to ensure it properly validates any claim submitted to it. In this case QIC was expecting Mr M to request reimbursements totalling around £13,000 but it actually received reimbursement requests that amounted to over £60,000. Given that QIC was aware that Mr M had recently built a substantial extension to his home and that it had concerns that he might have submitted invoices and payments related to the extension, I think it acted fairly when it tried several times to get additional evidence when the initial paper evidence submitted raised so many concerns. It's also not at all unusual for home insurers to request home visits, as QIC did in Mr M's case.

Mr M was also concerned about the length of time it took for QIC to deal with his claim. I can see that it took around 15 months from the time I issued my decision for QIC to formally repudiate the claim. This was a contentious claim and QIC had to go back and forth with Mr M in order to try to substantiate his claim. Even if I thought QIC took longer to deal with this matter than it should have, and I haven't looked into this point, the fact is I wouldn't look to award a compensation payment for the time taken to assess a claim when it has been decided that the claim itself was fraudulently exaggerated and has been fairly declined. It would be unfair to QIC – and I have to be fair to both parties – for me to do that.

I know my decision will come as a significant disappointment to Mr M and Ms T, but I am not asking QIC to take any further action here.

My final decision

I do not uphold Mr M and Ms T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Ms T to accept or reject my decision before 11 February 2025.

Martina Ryan
Ombudsman