

The complaint

Mr and Mrs O complain about the way QIC Europe Ltd handled a claim they made on their home insurance policy for damage caused by a fire.

Any reference to QIC includes its appointed agents, unless specifically set out.

What happened

In June 2018 there was a fire at Mr and Mrs O's property. QIC accepted the claim, Mr and Mrs O asked for a cash settlement, QIC offered around £3,500. Unhappy with the offered amount, Mr and Mrs O complained.

In November 2021 QIC sent a complaint final response letter (FRL) to Mr and Mrs O. QIC said it had tried to contact Mr and Mrs O to discuss the settlement of the claim and it was awaiting quotes from their tradespeople and invoices. It said whilst matters weren't resolved, it couldn't move forward without their information.

In October 2022 Mr and Mrs O complained to the Financial Ombudsman Service. Our Investigator said issues addressed in that 2021 FRL hadn't been raised within the six-month time period set out in our rules. However, in August 2023 Mr and Mrs O accepted an increased settlement offer from QIC, so withdrew the complaint from this Service.

Mr and Mrs O made a separate complaint to QIC about the length of time it had taken for the overall claim to be resolved. QIC issued its complaint FRL on that complaint on 12 May 2023. It didn't think it had been the cause of the delay for the majority of the claim, but said there were some occasions where it considered it could have made more attempts to contact Mr and Mrs O. So it offered £100 compensation as an apology for that.

Mr and Mrs O were unhappy with the amount offered by QIC, they felt £5,000 compensation was more appropriate for the five years that the claim had gone on for.

Our Investigator didn't think QIC were responsible for much of the delay in the claim being concluded. He thought the £100 was enough to recognise those instances where QIC accepts it could have sent more chasers to Mr and Mrs O.

Mr and Mrs O didn't accept that outcome. They said QIC stopped communicating with them and dragged their heels. They asked for an Ombudsman to consider matters, to the complaint has come to me to decide.

In September 2024 I issued a provisional decision on this complaint. A copy of my findings is below:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As this is an informal Service, I'm not going to comment on every point made, or piece of evidence provided by both parties. Instead, I've focussed on those that I consider to be key to the outcome I've reached.

Before I do so, I want to set out what I'll be considering as part of this complaint. Mr and Mrs O have previously had an FRL from QIC covering delays up to 2021. However, I consider its FRL of May 2023 effectively withdrew its earlier one. This means I can consider the delays in the claim from 2018; none of the complaint is out of time. However, I haven't as part of this

complaint assessed the final settlement reached by QIC, as I understand that matter was resolved.

Having reviewed the complaint, I intend to reach a different outcome to that of our Investigator, and I intend to require QIC to pay Mr and Mrs O £500 compensation. However I'll consider any more comments made before reaching my final decision.

Both Mr and Mrs O and QIC have provided me a timeline for the complaint, so I've compared to two to assess whether QIC caused any unreasonable delays in settling the claim, bearing in mind its duty to resolve claims promptly and fairly in line with Insurance Conduct of Business Sourcebook (ICOBS).

The claim for fire damage was raised in June 2018. In July 2018 it was confirmed cleaners had been in and the contents list was settled by QIC. QIC also inspected the property to carry out a scope of works needed for the repairs at the start of July. I'm satisfied all of this was done within a reasonable period of time. In mid-July, before QIC provided its scope of works, Mr and Mrs O said they'd prefer to receive a cash settlement to resolve the claim, but in September 2018, they said they weren't happy with the scope provided by QIC.

Mr and Mrs O have more recently said that it didn't know QIC can settle at its contractor rates (which are generally less than the rates available to them as a private customer). I consider QIC should have made this clear to Mr and Mrs O, to allow them to make an informed choice on how to proceed. I've no reason to doubt that testimony and haven't seen anything from QIC to support it made this clear.

However, QIC did offer to undertake the works itself. And its policy terms do allow it to settle a claim at its rates when it has offered to carry out the works. On balance I think even if QIC had told Mr and Mrs O that settlement in cash would be at its own contractor rates, I don't think it would have resulted in a different outcome for Mr and Mrs O.

Mr and Mrs O say they were advised by friends and professionals not to let QIC's agents do the works on their property. They said from early on in the claim they wanted to employ their own contractors. So I'm not persuaded QIC being clear about the policy terms would have resulted in Mr and Mrs O making a different decision. And as QIC acted in line with its terms in only offering its own rates, I don't think it's treated Mr and Mrs O unfairly in doing so.

After the cash settlement was offered, it's from September 2018 where the accounts of both parties differ. Mr and Mrs O's position is that QIC refused to share the full report with them, and that QIC then stopped corresponding with them. QIC's position is that it asked Mr and Mrs O to obtain some quotes for the works, given their dissatisfaction with the claim settlement amount it had offered - around £3,500. It says it didn't receive a response, and so it closed the claim. QIC says Mr and Mrs O then didn't contact them until July 2021, when they raised a complaint.

This Service asked Mr and Mrs O for more detail on what happened between October 2018 and July 2021. They said in 2019 they had contact with QIC's agent about kitchen units. Some of their kitchen units had been damaged in the fire, others hadn't. The surveyor had said the damaged ones could probably be replaced, but Mr and Mrs O found the same style was no longer made, so it says it contacted QIC's agent for advice. Mr and Mrs O said they then employed their own electrician, plumber, heating engineer and kitchen company to carry out the works, which were finalised in June 2021. They said they didn't receive any further contact from QIC during that time. It also doesn't seem from their testimony that they provided any details of costs etc to QIC between 2019 and 2021. So this supports QIC's claim of no contact and its reason for closing the file.

Having considered matters, I don't think that was unreasonable for QIC to close its file. QIC wasn't undertaking the works, so I wouldn't have expected it to chase updates from Mr and

Mrs O. The last correspondence I've seen from QIC is from October 2018, asking Mr and Mrs O to provide quotes to support their claim the cash settlement offer was too low. I haven't seen any evidence this was provided, until the work was already completed in June 2021.

Mr and Mrs O's position is that QIC's initial offer was too low, but I'm not currently persuaded, based on what I've seen, that it was. For example, the offer seems to have been made on the assumption that certain items of the kitchen could be matched, when it later found they couldn't. In the absence of Mr and Mrs O providing QIC with anything at that stage to support their argument the amount was too low, I don't intend to find QIC's initial offer was unfair, based on its initial assessment. But even if I did think its initial offer was too low, I still wouldn't say it was responsible for the whole delay in settling the claim.

I've no doubt it was inconvenient for Mr and Mrs O to have their kitchen damaged. But they don't dispute that they wanted to carry out the works themselves. So them being inconvenienced by arranging tradespeople to attend, or any delay in those trades being available, isn't the responsibility of QIC. And I don't intend to find it responsible for delays in settling the claim between July 2018 and June 2021.

When Mr and Mrs O had the work completed, they asked to be reimbursed by QIC, in June 2021. QIC asked for invoices to be provided. In September 2021 Mr and Mrs O said their total spend had been around £13,000. When Mr and Mrs O provided a breakdown of costs, QIC promptly approved some further contents at a total of around £260, which was accepted by Mr and Mrs O. For the rest, it asked for some photos to be provided, and the invoices for the works, so that it could assess the cash settlement offer. I've seen emails from QIC asking for this from October 2021.

However, it wasn't until August 2023 that settlement was agreed for the settlement of the works between QIC and Mr and Mrs O. So I've reviewed that timeline, and both parties' versions of events, to determine if QIC acted unfairly.

It's unclear when Mr and Mrs O did submit the invoices, I think it was January 2022. QIC acknowledge them and made an offer at the start of March 2022, which I consider a reasonable timeframe. It seems from Mr and Mrs O's correspondence that between that time, they'd sent numerous letters to QIC, they were unhappy that the full report carried out on their kitchen in 2018, hadn't been shared with them. QIC had said as it contained information relating to its contractor rates, it was commercially sensitive. Mr and Mrs O said this could be redacted and sent. I accept QIC's point that its contractor rates are commercially sensitive, and therefore don't need to be shared. However, it's unclear why QIC couldn't share the redacted version earlier.

However, Mr and Mrs O's main complaint is how long it took QIC to settle the claim. I think it was reasonable of QIC to ask for invoices to support the costs spent by Mr and Mrs O. After all, it is only liable to replace what was damaged by the insured event. As set out above, this was asked for in October 2021, and not received until January 2022. I don't think QIC is responsible for delaying settling the claim during this period. It seems to me that Mr and Mrs O, unhappy with QIC, didn't want to provide their invoices until they'd had sight of what they considered an unfair initial report. But I find that whilst QIC could have been more helpful here, Mr and Mrs O had offered in their complaint letter of June 2021 to submit invoices in support of their claim, but then didn't until January 2022. So I don't think QIC is wholly responsible for the delay.

In March 2022 – by email - QIC offered an increased settlement, based on Mr and Mrs O's invoices, at around £7,000. QIC says that offer wasn't responded to, so it wrote a letter to Mr and Mrs O in October 2022 asking for a response.

Mr and Mrs O say they did respond with letters sent letters in March, June, July and November 2022. It's not clear to me whether they wrote to QIC as they hadn't received its email (Mr O has said some emails from QIC ended up in his junk folder) or if, receiving the email, they then decided to send a letter. I'd have expected QIC to be able to receive and respond to Mr and Mrs O's letters. So I intend to find it did delay matters in this respect. Whilst I think Mr and Mrs O responding to QIC's email would have been quicker than sending letters, it is ultimately up to them how they choose to communicate. QIC is able to send letters, as it has done on this case, so I can't see why it couldn't receive them or respond. So I intend to find QIC did cause some delay in concluding matters between March and October 2022.

After that point, it's unclear what happened. QIC says it received no further contact until this Service notified it of a complaint. I haven't seen any copies of further communication from Mr and Mrs O, however I consider it reasonable they didn't try further, having had no response to several letters sent before. Ultimately a settlement was then reached in August 2023, I think this could have been reached sooner, if QIC responded to letters by Mr and Mrs O. So I also intend to find there was further delay, caused by QIC, between October 2022 August 2023.

Taking all of the above into account, I think QIC should pay more compensation to Mr and Mrs O for delays it caused in the claim from March 2022 until August 2023. I consider if it had handled matters more proactively, an agreement could have been reached by the end of 2022 at the latest.

When thinking of an appropriate award, I bear in mind that Mr and Mrs O had their kitchen repaired by summer 2021, so they weren't inconvenienced by QIC's delays in 2022 by not having a fully operating kitchen. However, they were without their claim settlement funds for longer than they should have been. So I intend to require QIC to add 8% simple interest onto the final claim amount, calculated from 1 December 2022, when I consider the claim should have been settled, until the date of settlement.

Whilst I've no doubt it was frustrating for Mr and Mrs O to deal with QIC, and not receive responses to their letters, I can't agree that £5,000 compensation is warranted. Awards for that amount are usually made by this Service when a business' mistakes will likely have a long-term impact or caused pain and suffering. I don't consider this applies here. Instead, I find, for the delay I think QIC is responsible for, £500 to be a fair level of compensation and in line with our awards on similar type of cases where a business's mistake has meant a consumer needs to go to extra effort to put things right.

Neither party provided a response to my provisional findings.

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 and bearing in mind neither party has provided any comments in relation to my provisional findings, I see no reason to depart from them. As such the findings of my provisional decision are now that of this, my final decision.

Putting things right

To resolve the complaint QIC Europe Ltd will need to pay Mr and Mrs O £500 compensation for distress and inconvenience.

It will also need to add 8% simple interest per annum onto the final claim settlement amount, calculated from 1 December 2022, until the date of settlement in August 2023.

My final decision

My final decision is that I uphold this complaint, and I direct QIC Europe Limited to settle it in line with the 'putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O and Mr O to accept or reject my decision before 28 October 2024.

Michelle Henderson
Ombudsman