

The complaint

Miss M complained about the poor way in which QIC Europe Ltd managed her home insurance claim and the delays it caused. She didn't think the settlement offer for her claim was fair.

What happened

Following a burst pipe in her home, QIC accepted Miss M's claim to repair the resultant damage to both her property and contents. The contents element of the claim was agreed relatively quickly and without too much difficulty, but the parties failed to come together to reach an agreement around the property repairs.

QIC said it thought it had gone "*above and beyond*" in providing options to Miss M to agree settlement of the claim. It said it had offered its own contractors to do the work as well as provide a fair cash settlement. However, it did think it could've progressed the claim faster, so it offered Miss M £350 compensation for distress and inconvenience.

Miss M said the contractors put forward by QIC were never ready to start the work. She said the alternative cash settlements offered by QIC wouldn't have been enough to allow Miss M to get the works completed by her own chosen contractors. Miss M has lost faith in QIC to provide a solution, so would like a settlement that allows her to get the work completed by her own contractors. She'd like to be compensated for the delays and for the impact the loss of functional space in her home has had on her.

Our investigator decided to uphold the complaint. He didn't think QIC had managed the claim very well or managed Miss M's expectations. He didn't think the offers made by QIC to settle the claim were reasonable, so said QIC should settle the claim at a level Miss M could get the work done herself, plus 8% simple interest per annum. He asked QIC to consider Miss M's additional water costs. He asked QIC to pay a total of £350 compensation for her distress and inconvenience. QIC disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 8 January 2025. I said:

"I've read a lot of information in relation to the circumstances of this complaint. There is too much for me to detail every aspect, so I'll only summarise what I think is pertinent to my decision.

Miss M first raised her claim in December 2022 and she escalated her issues to our service in May 2024. QIC provided its final response to this complaint in February 2024, although it did provide other responses to Miss M before this date.

As experts in claims management, I'd expect QIC to be able to take the lead on a claim and provide an efficient and effective claims process. It should've provided leadership and guidance to Miss M who was likely unfamiliar with the claims process, having not had frequent needs to utilise her insurance cover in the past.

I think this should've been a simple claim to settle. There was no dispute over the cause of the damage and whether the policy covered the incident. The damage was reasonably well contained to a small area of the property (the garage), so it should've been straightforward to put the property back to its pre-loss condition.

Twenty-six months have passed from the claim inception to QIC's final response. As I write this decision, Miss M has been without the use of her garage and one of her rooms from her house (as it is being used as a temporary storage location) for over three years. This isn't acceptable. I don't think QIC has provided the service for which Miss M has paid for. Therefore, I intend to uphold this complaint.

I appreciate QIC has put forward its version of events. I'm sure parts of this has credibility. It has set out how it is entitled to offer a cash settlement at the level it would cost itself to get the work completed. However, I'm persuaded by the series of issues and obstacles Miss M, the customer, has faced as explained in her testimony. These have prevented the claim to be resolved in an efficient and effective way.

I've not seen good communication evidenced by QIC. I would've expected it to set out clearly what the process would be to resolve the claim. Instead, it has followed a disjointed process going back and forth between itself, its surveyor, its many contractors and Miss M. I think it would've been extremely hard for Miss M to understand what was happening. I can see this was harder for Miss M in her circumstances and she often needed to wait for her relatives to support her in understanding what was needed. In addition, she was suffering some ill health. I think QIC should've understood she needed more help.

When it became clear to Miss M that any cash settlement would only be at a level that it would cost QIC to get the work completed (i.e., at discounted rates) she immediately informed QIC she needed to use its contractors as the settlement wouldn't afford Miss C the opportunity to use her own contractors. I think QIC mismanaged Miss M's expectations during this time and unnecessarily delayed the claim.

Then when QIC's contractor informed QIC it was no longer available to do the work, QIC tried to cash settle the claim at a level that it would cost QIC to get the work completed (at discounted rates). At the point QIC couldn't do the work, it should've provided Miss M a cash settlement at market rates. But it didn't do this. Several communications went back and forth, and ultimately when QIC finally recognised what it needed to do, the lowest quote Miss M had provided was no longer available and it had expired. This was due to QIC's delays.

The claim has ebbed and flowed since this point, but all this has done is cause further delay. At this point QIC should've acted and resolved this claim.

Given the length of time this claim has been ongoing, it's important it's resolved now. I can understand why Miss M no longer feels she can rely on QIC. QIC has said it can provide contractors to do the work now, but still the timescales provided on when they'll be available and who will do the work are vague – it has said there could be further lead times and further survey work required. I don't think it's fair to make Miss M use QIC's contractors. QIC lost its right to use this route when it wasn't able to mobilise its contractors the first time around. Additionally, I think pushing Miss M this way will further impact her wellbeing.

I think the most reasonable way forward is for QIC to cash settle the claim at market rates. This is because QIC couldn't provide contractors to do the work when Miss M indicated she was ready for the work to be done previously during the claim. As Miss M has already had three valid quotes (the fourth one, the company has since gone into liquidation), I think the fairest thing is to take the average of these three quotes. Therefore, I intend that QIC cash

settle the claim at the average of the other three quotes Miss M received (£6630 + £7,950 + £6510 / 3 = £7,030).

As these quotes were provided 18 months or so ago, I intend that QIC add 8% per annum simple interest to this average from the date of the last quote (June 2023) to the date the settlement is paid, to allow for increases in labour and material rates.

I understand Miss M thinks QIC owe her for the excess water consumption she experienced at the time of the leak, and she's highlighted a provision in the policy she thinks would cover her. I don't have all the details of this, but for completeness, I intend that QIC to take the lead on seeking out any evidence it requires from Miss M to re-consider the claim she has made for this.

Finally, QIC has offered Miss M £350 compensation. In my decision, I have touched on the many aspects this complaint has affected Miss M. I think her circumstances made her vulnerable and she wasn't given the support she clearly needed. Given the long running nature of this claim, I don't think the compensation is sufficient. It has impacted Miss M's use of her home; she's had to put in a lot of effort to sort things out and it has happened at a time she's not been well. Therefore, I intend that QIC pay a total of £750 in compensation (that's £400 more than it has offered). I think QIC have really let down its customer, Miss M, at a time when she really needed its help".

Responses to my provisional decision

Miss M agreed with my provisional decision, and she didn't have anything further to add.

QIC didn't respond to my provisional 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.

Given neither party has provided any new information, I see no reason to change my decision.

My final decision

My final decision is that I uphold this complaint. I require that QIC Europe Ltd:

- Cash settle the claim at the average of the other three quotes Miss M received (£6630 + £7,950 + £6510 = £7,030), plus 8% per annum simple interest from the date of the last quote (June 2023) to the date the settlement is paid.
- Pay Miss M £750* compensation in total – for distress and inconvenience (or £750 less any compensation QIC has already paid).

*QIC Europe Ltd must pay the compensation within 28 days of the date on which we tell it Miss M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 24 February 2025.

Pete Averill
Ombudsman