

## **The complaint**

Mrs A is unhappy with the cash settlement offered by QIC Europe Ltd (“QIC”) in relation to her escape of water claim. She felt there were unnecessary delays with the claim she made against her home insurance policy. Mrs A had representation for the claim, but for ease and simplicity, I’ll only refer to Mrs A.

## **What happened**

Mrs A made a claim following a water pipe burst in her bathroom. QIC were slow in initiating the claim and only sent a representative to inspect the property three weeks after the incident.

QIC’s representative arranged for the property to be dried out and took photographs of the damage. Mrs A said due to the delays mould started spreading through the property. Mrs A’s renewal premium increased significantly due to the open claim.

QIC produced a schedule of works, but Mrs A was unhappy using QIC’s representatives to do the works given a previous issue with the representative. Mrs A thought QIC proposed a kitchen of inferior quality to her own and felt that QIC were asking too many questions as part of its validation, such as asking for model number of her kitchen cabinets.

QIC offered a cash settlement for the claim, and increased this following discussion with Mrs A. However, Mrs A remains dissatisfied with the level of cash settlement and that QIC hasn’t covered the replacement cost for some parts of her contents. She has been inconvenienced as she has been out of her home for so long.

QIC said Mrs A had accepted the scope of works. Its offer of a cash settlement was based upon what it would cost itself to complete the works. QIC said it had offered a settlement for the contents damage it could validate, but said some items were outstanding as it was still waiting for information in order to allow it to validate the claim. QIC did say it had taken longer than it should’ve done on settling the contents and offered £150 in compensation for this.

Our investigator decided to partially uphold the complaint. She thought QIC had settled the claim fairly in line with the policy terms, however, she thought QIC should pay a further £200 compensation for the distress and inconvenience caused by its delays. Mrs A disagreed, so the case has been referred to an ombudsman.

## **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.

Before I start my decision, I wanted to clarify my jurisdiction to do so. I can only decide on issues that have been raised formally between both parties and which QIC has had opportunity to consider. Broadly speaking I will be looking specifically at the cash settlement and process that was followed to reach this and the amount of delay that was experienced. I can consider these points up until QIC’s final response on these matters which was on 27

February 2024 (unless both parties agree to extend this, which they haven't). Therefore, where new points have been made, such as references to alternative accommodation – I'm not able to consider these and these points would need to be made to QIC freshly under a new complaint.

I've first considered the cash settlement and process that was used to determine this. I've noted that Mrs A felt the amount offered wasn't enough for her to secure contractors to do the work. However, I can also see that QIC did offer to get the work completed themselves – this would normally be the better approach as, QIC would be liable to complete the works to an acceptable standard or as good as the "pre-loss" condition.

However, I've noted that Mrs A didn't have confidence in QIC's representatives completing the works due to some earlier issues on the claim. I haven't seen any evidence put forward to show that QIC's representatives weren't competent to do the work, or that Mrs A had much dialogue with QIC to explore if it could use a different contractor. Mrs A seems to have been pushing for a cash settlement of the claim, so she could get her own contractor to do the work. It transpires that, Mrs A's son appears to have done much of the work.

Anyway, as Mrs A chose to have a cash settlement, QIC is entitled to pay the same cost as it would've cost itself should it have done the work itself. This is set out in the policy terms, which states:

*"1. How much we will pay*

*For loss or damage to the buildings, we will pay up to the full cost of rebuilding, as long as the buildings are regularly maintained, in a good state of repair and they are insured for the full cost of rebuilding.*

*When settling your claim, if we decide that we can offer rebuilding work, repairs or replacements, we will ask you to choose one of the following options.*

- a. We will choose a contractor (our preferred contractor) and instruct them to carry out the rebuilding work, repairs or replacements.*
- b. We will pay you a cash settlement for the same amount it would have cost us to use our preferred contractor".*

QIC has access to a network of suppliers and will negotiate trade prices with these which will often be significantly lower than what the public may be able to commission their own trades people for. However, as QIC were happy to carry out the works, but Mrs A wanted a cash settlement, I don't think QIC has been unreasonable in applying the terms of its policy in this circumstance.

I've then looked at the process QIC did follow when providing its cash settlement offer. QIC appointed its own representative who is expert at putting right damage from claims. The representative visited the property on more than one occasion to assess the works and it put forward a scope of works to rectify the damage and a cash settlement offer in March 2023. I can see that the scope of works was approved by Mrs A in April 2023. Following this, I can see the cash offer was increased in September 2023 following further discussion with Mrs A.

I've reviewed the scope of works, and it seems professionally compiled. It's detailed and thorough. I appreciate Mrs A would've liked to see the detailed costings of each component part, but QIC isn't at liberty to share this for commerciality reasons. Mrs A has suggested the replacement kitchen is of an inferior quality. However, the original kitchen is no longer available, so QIC has tried to find a close match in quality. I haven't seen evidence to show what has been costed, is of lower quality to what Mrs A had before. Therefore, based upon

the evidence I've reviewed and the process QIC has followed, I don't think it has done anything wrong in providing the cash offer it did.

Mrs A has also highlighted issues that her contents claim haven't been properly settled. QIC has said the contents claim is still ongoing. Mrs A said she doesn't know what has been settled in respect to her contents. However, I think QIC's final response letter does set this out for each category of expenditure. Mrs A said she didn't receive this document, but as she supplied this to our service, I think it's fair to assume she did receive it.

Should Mrs A want a further breakdown of this information, I think she could ask QIC for this. For example, QIC has offered £8,155 for contents, so Mrs A could ask QIC what makes up the component parts of this. I see no reason why QIC wouldn't provide this. But, if it doesn't Mrs A could raise a new complaint on this. QIC has explained it has asked Mrs A for further validation of some of her losses. It is the policyholder's responsibility to evidence any losses, so I don't think it's unreasonable for QIC to get this assurance before settling the claim. Therefore, I can't see that QIC has done anything wrong here, so I don't uphold this aspect of the complaint.

I can see Mrs A has been out of her house for a long period of time. She doesn't think she should have to pay council tax during this time. It's normal for councils to offer exemptions to this tax when a property has been left empty. I can see QIC has asked for a letter to be sent to Mrs A by its team that can be used in seeking this exemption with the council. This seems like a reasonable approach to me. If the letter has been mislaid, I have no doubt QIC would be happy to provide a duplicate one.

No doubt the claim has been a long one, I can see Mrs A has been paid daily disbursements for her not living in her property. As I said, she hasn't raised a complaint about alternative accommodation, so I haven't reviewed this point. QIC has acknowledged delays. It has also accepted our investigator's increase in compensation. So, I've considered whether I think this is sufficient.

Given QIC made a cash offer to settle the claim within three months of the incident itself, I think the additional £200 compensation recommended by our investigator is about right for the distress and inconvenience caused. QIC were slow in mobilising its team at the start, but after this point I don't think it has caused significant delay. Many of the factors seem out of QIC's control.

Once Mrs A had accepted QIC's offer, QIC's responsibility to progress the claim stops. Whilst, I can see it did reasonably later increase its cash offer, I haven't seen evidence to suggest Mrs A tried to get QIC to carry out the works. Mrs A's son then started carrying out some work, but any delays at this point wouldn't be the responsibility of QIC. So, in summary, I uphold the complaint (in the same way as the investigator) and award £200 additional compensation for the distress and inconvenience the small delay caused.

Finally, Mrs A was unhappy her premium increased. I haven't received details of the premiums, so can only make a generic response. However, with Mrs A making a claim, it should be expected that there will be an increase to the premium, as it's likely QIC will perceive Mrs A as having a higher risk profile than before she made the claim. Mrs A at this point would also have had the opportunity to shop around to find a more competitive quote had she wanted to.

### **My final decision**

My final decision is that I partially uphold this complaint. I require QIC Europe Ltd to pay Mrs A:

- £200 compensation – for distress and inconvenience (if the original £150 offered hasn't yet been paid, this should also be paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 31 October 2025.

Pete Averill  
**Ombudsman**