DRN-5831416

The complaint

A limited company, which I will refer to as B, complains about the handling of its commercial buildings insurance policy by QBE UK Limited.

What happened

The following is intended only as a summary of the events. Additionally, even though other parties have been involved in these events, for the sake of simplicity, I have largely just referred to B and QBE.

B is effectively a residents association and held a property owners insurance policy underwritten by QBE to insure the block of flat occupied by the residents. In 2014, B contacted QBE to raise a claim for buildings damage. QBE assessed the damage, but considered – at that time – that the cause of damage was thermal movement. A report was provided to QBE from the loss adjuster it appointed, and this said that the damage was historic. This report was not shared with B at the time though.

B was instead provided with a letter from the loss adjuster in 2014. This said the damage was not the result of subsidence. But rather had been caused by normal thermal/moisture expansion and contraction movement. And that such damage was excluded under the policy. The letter also said:

> "You may therefore wish to make your own arrangements to repair the damage, which may include the provision of movement joints in the construction where none are currently present. When arranging repairs we always recommend that more than one written quotation is obtained either under the direction of a Chartered Engineer/Surveyor or from companies that you are entirely satisfied are reputable"

B says it also received information verbally from QBE's loss adjuster that this thermal movement could be slow, but should be monitored and addressed if it got worse.

B says that it then monitored the damage informally. And when this suddenly worsened in 2018 it contacted the insurer it had in place at that time. That insurer did not meet the claim. And B instructed its own expert assessment. The report from this expert discussed the condition of the building, and noted that some repair work had been carried out – such as repointing certain areas of brick. But did not provide any indication of when this was done. Ultimately, the report concluded that the cause of damage was in fact subsidence. Further on site testing has supported this conclusion and it is no longer disputed that the cause of damage to B's property is and was the result of subsidence.

B complained that its 2014 claim had been incorrectly declined. This complaint was referred to the Financial Ombudsman Service. But my colleague issued a final decision in 2022, not upholding B's complaint. She concluded that whilst QBE had incorrectly said the cause of damage was not subsidence, the policy excluded claims for damage which originated prior to the period of insurance. So, QBE was entitled to decline B's claim.

B then brought a second complaint, which forms the basis of my decision here. This

complaint is essentially that, by providing B with incorrect information about the cause of damage in 2014, QBE has caused B consequential losses.

QBE's position is that its 2014 letter recommended B make arrangements to rectify the damage and appoint an engineer or surveyor to do this. QBE considers it likely such an expert would have recommended monitoring. And that both thermal movement damage and subsidence damage can be progressive. QBE considers B took little action after 2014, so it was this lack of action that has led to the increased costs. QBE does not consider B would've acted significantly differently even if it had been informed the damage had been caused by subsidence.

My colleague has issued a couple of decisions on this complaint already, but these have not addressed the merits of this complaint. They focussed on whether this complaint was separate to the first complaint, and whether the Financial Ombudsman had the jurisdiction to consider the merits of this second complaint.

I note that B has referred to these decisions and said that my colleague had made findings on the merits. However, I need to be clear that this is not the case. The August 2024 decision not to dismiss the complaint explained that this was a complaint that we should go on to consider after a number of steps had been taken. And the June 2025 decision said that the complaint was one which could be considered, and that the matter was being passed back to the Investigator for that consideration of the merits.

Our Investigator then did go on to consider the merits of this complaint, but he did not recommend it should be upheld. He said that B had sufficient information in 2018 to realise it needed to take action to address the subsidence, so any increase in costs after this date would not be due to B not having this information beforehand. Our Investigator also wasn't persuaded that B had shown that any increase in costs between 2014 and 2018 were the result of the incorrect information it had been provided by QBE. He said that B had monitored the damage during this period, but it had not worsened – until it did so suddenly in 2018. But that there was no evidence that other works had been taken to rectify the damage or address the, supposed, cause of this.

B seemingly accepted the Investigator's opinion in relation to the costs after 2018. But B says that it did monitor the level of damage before this, though this was done informally and there are no records to provide. And the 2018 report referred to repairs that had been undertaken.

Our Investigator was not persuaded that the evidence provided showed what work was undertaken, when, or for what reason. And said that, whilst thermal movement might not be considered as seriously as subsidence, it was damage that could worsen if not addressed.

As our Investigator was unable to resolve the complaint, it was passed to me for a decision. I issued my provisional decision on 5 September 2025. The following is an extract from that decision:

> "The focus of the complaint at this point is on whether the information provided by QBE in 2014 was the cause of B being faced with higher costs to carry out the necessary works than it would face if it hadn't been given incorrect information. It is not disputed that the conclusion reached and communicated by QBE about the cause of the damage was incorrect.
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> B has also seemingly accepted our Investigator's conclusions about the period after 2018. I will briefly say that I agree with these conclusions. I haven't gone into detail on this issue, as it appears to no longer be in dispute. But B's argument is –

fundamentally – that had it known the cause of damage was subsidence, it would have taken different action. Once this understanding had been corrected though, the basis of this argument falls away. And this understanding was corrected by the 2018 report. I appreciate that the situation was more complicated than has been set out above, and that B took action at that time to seek redress elsewhere, etc. But, ultimately, the mistake by QBE had been corrected by the 2018 report. So, it would not be fair or reasonable to hold QBE responsible for anything that happened after this.

The question is, is QBE responsible for any increase in costs that preceded this point?

One of the obligations QBE has is to communicate in a manner that is clear, fair, and not misleading. QBE accepts that it provided incorrect information in 2014. In doing so it gave misleading information.

There is a question over how much reliance B ought reasonably to have placed on the information provided by QBE though. QBE was B's insurer. It was not its adviser in relation to property matters. In communicating with B in 2014, QBE was addressing whether the situation fell within the cover provided by the policy.

QBE's loss adjuster was a suitably qualified engineer/surveyor however. And it was this party that made the comments B relied upon. It is reasonable that B could have assumed that the information it received from this party was correct. And QBE ought to have taken into account the fact that it (or its agent) was communicating this to B, which might then rely upon it. So, I do think QBE might feasibly be responsible for B taking, or not taking, different action to that which it otherwise would.

However, before it can be determined that QBE should be responsible for any costs or loss, it is necessary to think about the action B took, and the action it most likely otherwise would have taken.

B has said that it informally monitored the damage, to see if it got worse. B has said that its own monitoring showed that the damage did not increase over a four-year period.

B has referred to verbal comments it apparently received from QBE's loss adjuster that the development of the damage might be slow, and should be monitored and addressed if it got worse. However, given the fact that the subsidence which was actually present was historic, even if it was known that the damage was the result of subsidence at the time, it isn't clear that the loss adjuster wouldn't have made similar comments.

QBE has said that an expert appointed to address an issue of subsidence would likely have suggested a period of monitoring. Given my own experience of dealing with complaints relating to subsidence, I find this plausible. It is likely that such a period would not have been as long as four years, and it seems more likely that a period of a year would have sufficed.

So, had the issue been correctly identified as subsidence, B would likely have been advised to monitor it for a period of a year. This monitoring would then not have shown the damage was worsening. And I am inclined to think that B would then have been advised to make good the damage that existed at the time, but that significant work to address any potential further subsidence would not have been undertaken. If there was no ongoing subsidence, then there would be nothing to address.

> The 2020 reports into the subsidence indicate that the issue is consolidation subsidence, which might be better known as settlement. Effectively, the building was seemingly built on soft ground which compressed. The subsidence had been historic prior to 2018. And the lack of increasing damage between 2014 and 2018 suggests to me that this situation had largely stabilised.
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> It is notable that the damage suddenly got worse in 2018. During this year, there was a huge spike in incidents of subsidence across the UK due to the hot weather experienced. But, prior to this, such sudden movement was unexpected.
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> Taking things back, it seems likely to me that had B been made aware the issue was subsidence, it would have undertaken a period of monitoring, and then been advised the issue appeared to have resolved itself, so would have merely carried out repair work.
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> What actually happened was that B undertook a period of monitoring, and may have carried out some limited repair work.
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> I do not find it likely that, given what was apparently a stable building prior to 2018, B would have carried out extensive and expensive work to, for example, underpin the building. It is also not clear that, even if this had been done, the widespread issues experienced in 2018 wouldn't still have caused further damage.
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> Ultimately, B has not demonstrated that its reliance on the incorrect information provided by QBE has caused a financial loss. I accept building costs generally have increased. So, carrying out works now will cost more than they did a decade ago. But I am not satisfied that, even with the correct information about the cause of damage, B would've undertaken extensive work a decade ago that would have prevented further damage occurring in 2018.
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> It follows that I am unable to direct QBE to do anything more in the circumstances of this complaint."

I asked both parties to provide any additional evidence they wanted me to consider. QBE did not provide anything further. B did respond with some further comments. B addressed some of these to my colleague who had previously issued the dismissal and jurisdiction decisions on this matter. However, as it falls to me to determine the merits of the complaint, I have taken these into account also.

B essentially maintained that it had suffered a loss as a result of the incorrect information it was given in 2014. And said that, had it been given the correct information in 2014, it would have instigated investigative works at that time. B also stated that thermal movement should not be compared with subsidence.

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, I have come to the same conclusion as set out in my provisional decision and above, largely for the same reasons.

I do appreciate that thermal movement and subsidence are different issues, and do not seek to compare them directly. However, there is a relevant comparison to be made in that both issue can cause building damage over a period of time, and both can have an initial impact

which then stabilises. So, the point that was made in my provisional decision was that – regardless of what the cause – I consider it most likely that the advice from experts would have been to monitor the property to determine if there was continuing damage. And in the absence of continuing damage, I don't consider it most likely that anything other than "cosmetic" repairs would have been carried out.

I am not persuaded by B's comments that it would have most likely instigated investigative works. Whilst this may have happened after 2018, this was because there was an episode of significant movement at that time. Therefore, there was continuing damage the cause of which needed to be determined and addressed. This was not the situation in 2014.

In 2014, the situation was stable. There was no continuing damage. So, I do not think the cause of the historic damage – or whether B was aware of the most likely cause – would have changed the actions B took at that time.

B was given incorrect information. But, whilst I acknowledge the fact building work is now more expensive, I do not consider this incorrect information changed the actions B would otherwise have taken in 2014. And it follows that the fact B now has to pay these higher prices is not a consequence of the fact it was given incorrect information.

I appreciate this is not the outcome B was hoping for. But, I cannot fairly and reasonably require QBE to do more in the circumstances of this complaint.

My final decision

My final decision is that I do not uphold this complaint.

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

Sam Thomas
Ombudsman