

## **The complaint**

1 complains that QBE Europe SA/NV, has unfairly settled a claim made on its commercial insurance policy.

1 feels the valuation placed on some of the items stolen is not fair and QBE should increase this.

## **What happened**

1 has a Contractors All Risks insurance policy provided by QBE. A claim was made in February 2024 after a break in at 1's property resulted in a number of items being stolen. This included tools and plant machinery.

After validation checks, the claim was accepted by QBE. It offered a total settlement for all items claimed for, of £130,000 with it valuing all the items, at £129,110. QBE paid £33,226.93 directly to the finance providers for items stolen, where there was outstanding finance. 1 was paid the remainder of the settlement, less the policy excess. An initial payment was made in July 2024 of £44,273.07 and a further £50,000 was paid on 4 September.

1 disputes the total value of the claim and feels a number of items have been undervalued by QBE when it reached its settlement figure.

Our investigator looked at this complaint and thought QBE needed to do more to put things right. They explained why they agreed with the valuation placed on some of the items claimed for and why they thought others needed to be increased. This was based on what they felt needed to happen when applying the terms of the policy.

Initially our investigator broadly agreed with the items claimed for and the valuation placed on these by QBE. The main exception here was the value placed on a Takeuchi TB240 Excavator. QBE had offered £28,500 for this item, excluding VAT. Our investigator felt this should be increased to £39,500 as other adverts supported this was a fairer valuation for 1's vehicle. As QBE had previously offered in excess of what it had valued all of the items at, they said the additional £890 paid could be deducted from the difference now showing. QBE would need to pay the remainder with 8% simple interest added from the date of the final settlement payment on 4 September until date of payment. QBE accepted the recommendation.

1 agreed with the findings on some of the points. But it felt further consideration needed to be given to other items and the increase in the market value of these since the claim was made. It said this opinion was supported by its broker. It also clarified a number of points and provided some further information to support its position.

1 said the two tipper trailers it had claimed for were significantly undervalued. The 2019 trailer (trailer 1) had been valued at £2850 by QBE. The 2021 trailer (trailer 2) had been valued at £4500 by QBE. 1 and its broker felt these valuations should be increased to £5000 and £6500 respectively.

1 said the valuation provided for its Mecalac Dumper was too low. It also felt the investigator had used the wrong valuation figure when stating the value QBE placed on this. It had been paid £10,000 only for the dumper and not £12950 as our investigator had set out.

1 said the various hand tools, drills and chainsaws were all less than 24 months old and purchased new. So, it felt the policy terms should be applied and the settlement figure should be based on the invoice cost of these items. And the inspection camera claimed for was not just the camera, but a full kit to allow it to provide surveys and generate reports back to clients and the accessories hadn't been considered. It was these that increased the value to £8300 for this item and the £5000 paid by QBE was too low for it.

Finally, while pleased to see the valuation of the Takeuchi Excavator had been increased to in line with the brokers valuation, it felt this was still a little low. The machine had very low hours and to replace this with a similar machine now, it expected to spend at least £41000.

Our investigator reviewed the complaint and said their opinion remained the same with the inspection camera. This was purchased more than 24 months ago and so QBE didn't need to pay the cost of what this would have been new. And importantly, the invoice didn't set out a breakdown to show there was any accessories with the purchase, so they felt the valuation of £5000 was fair.

But our investigator felt QBE needed to go further on some of the other items. For trailer 1, the investigator felt the value of this trailer should be increased to be in line with trailer 2. They weren't persuaded the valuation reached by QBE was fair or had been evidenced and so they felt a value of £4500 for each trailer was a reasonable valuation.

They felt the Dumper should have the value increased to £12950. The adverts provided showed there was a range in prices, between £9200 and £12950. 1 had explained its machine had low hours of use and was in good condition. Comparisons to dumpers with up to 1000 hours of use were not reasonable. As a result, they felt the highest valuation should be applied.

Our investigator also said they accepted the invoices for the various hand tools, drills and chainsaws showed these had been purchased within 24 months of the date of loss. The websites for where the items had been purchased, showed the retailers did not sell second hand or refurbished products. As a result, they felt QBE should settle these items in line with the policy terms and reflect the cost of the invoices, less the VAT.

1 accepted the outcome, although it set out it was still struggling to understand why the valuation for the trailers was not being increased to the level it has said was needed to replace these now. It also highlighted additional losses it had incurred with hire costs when needing to hire a number of items when the settlement was not made sooner. Our investigator responded to say this is something not considered by QBE previously and a claim for the hire costs needs to be made to it.

QBE did not accept the increases recommended. It said it had not been demonstrated that the tools had been purchased by the business and this would need to be validated ahead of any increase in the payment being accepted. It didn't think 1 had evidenced the condition and usage of the dumper and in the absence of this, it didn't think it was fair to increase the settlement of this machine beyond what it had already paid. And it felt the evidence presented on the valuation of the trailers, now over a year after the date of loss, does not demonstrate the replacement value at the time. So, while it couldn't evidence the opinion it was provided on this at the time, it felt its valuation was fair.

With QBE not accepting the outcome, the complaint was referred for decision.

I issued a provisional decision on this complaint on 8 October 2024. I've copied what I said below:

*I've considered the information provided by both 1 and QBE in relation to the items still in dispute. Having done so, I am planning on reaching a different outcome to that of our investigator in part. I appreciate 1 will be disappointed by this, but I am not planning on asking QBE to increase the valuation on all of the items set out by our investigator.*

*QBE has accepted the claim and made a settlement offer it thinks is fair. And following our investigators initial assessment, it has agreed to increase the valuation for the Takeuchi TB240 Excavator to £39500. 1 has accepted this increase and I don't intend to discuss this item again. But I agree the offer now made to increase the settlement value is fair and reasonable.*

*The dispute over the total valuation for this settlement has been ongoing for some time with a number of items still being contested. So, I've set out below whether I think QBE has made a fair claim decision when making the offer it has, or whether I feel it needs to do more to put things right.*

*The terms of the policy explain that QBE can settle a claim to the limit of its liability, so it can pay the value of what it thinks it would cost if applying the terms. The relevant policy term to this claim and what QBE needs to do to put things right is set out under section 15.37 of the policy booklet. I won't set the full wording out as this is known to both sides.*

*In effect, this explains that in the event of an insured loss, QBE will provide a reinstatement of the lost item and the limit of its liability is dependant on the age of the item at the time of loss. If less than 24 months old, the terms set out that QBE needs to replace an item with something equal to, but not better or more extensive than its condition when new.*

*For any item older than 24 months at the time of loss, it will be replaced with an item which will not exceed the market value at the time of loss.*

*I've kept the terms of the policy in mind when considering whether QBE has acted fairly when assessing the claim and reaching the decision it has.*

## *2 tipper trailers*

*Both trailer 1 and 2 were older than 24 months old at the date of loss, so when considering the reinstatement value and the liability of QBE, its liability is limited to a value which does not exceed the market value at the time of loss.*

*This Service isn't here to value items or vehicles, we are not experts in this and so my decision isn't based on what I think the value of the trailers should be. Instead, I am considering whether the value placed on them is fair and reasonable and has been evidenced as such.*

*1 has said the fair value for trailer 1 would be £5000 and trailer 2 would be £6500. QBE has valued these at £2850 and £4500 respectively. QBE has said this is based on the opinion of experts provided to it on what the cost of the replacement would be for a similar item at the time of loss. It hasn't been able to provide anything else in support of this but feels the opinion given to 1 by any traders, could be influenced by a potential sale for the replacements and this could increase the price.*

*1 and its broker have provided a number of adverts in support of their opinion to demonstrate why they don't think the valuation offered by QBE for the trailers is fair. 1 has*

*also referenced the appreciation of some items including the trailers during this time, but it is important to keep in mind that the terms of the policy do not set the liability to QBE for the value of the items now. Instead, it is the market value at the time of loss that it is limited to.*

*One of the valuations provided by 1 gives the opinion of a dealer who explains, prices of second-hand trailers haven't really changed in the last four years. They remain high after the inflation of Covid and the impact on the market. So, while the price provided is based on the cost now and not the time of loss, I think it can be said to give a good indication of the cost at the time of loss.*

*With such a large difference between the costs presented and with QBE being unable to provide anything to support the valuation it has placed on the trailers, I am not persuaded its valuation is fair.*

*I am more persuaded to take a value from the information provided by 1 and feel a valuation of £5000 for trailer 1 and £5500 for trailer 2 is a fair valuation. This is the lower of the valuations provided by 1 and I think it is fair to take these as the mid-point on the valuations over accepting the highest. The quotes provided are based on pictures of the stolen trailers only and with this in mind, I am satisfied it would not be right to apply the higher of the valuations. These are based on an assumption of the trailer conditions which cannot be validated.*

*Based on the above, I am planning on asking QBE to increase the valuation of the trailers to reflect this.*

#### *Inspection camera*

*1 has said it accepts the investigators finding on the inspection camera, so I won't cover this in detail. But I agree with the approach taken by our investigator and feel the offer of £5000 for the camera is fair.*

#### *Mecalac Dumper*

*QBE has said it believes the offer made of £10,000 for the dumper is fair and reasonable. It has provided a number of examples for a replacement machine of a similar make and age with a range in valuations from £9200 to £12950. It believes this demonstrates the replacement value is fair.*

*1 has said, its machine was in immaculate condition with very low hours worked, so the vehicles provided are not a fair comparison as the hours are far in excess of its stolen dumper.*

*The details of the dumper and whether the hours are as low as described is not something that can be evidenced. The invoice from its purchase doesn't detail the number of hours when it was purchased, nor is there anything that I've seen to demonstrate the hours on the machine at the date of loss.*

*With this in mind, I am not persuaded that QBE has acted unfairly when it has made the offer it has for the dumper when valuing this at £10,000. I am satisfied from the adverts that this is the cost of a similar item and representative of the market value at the time of loss. So, I am not planning on asking QBE to increase the valuation of the dumper.*

#### *Various tools and chainsaws*

*Our investigator said the tools claimed for, had been purchased within the last 24 months*

*and the retailers only sold new items. So, they felt it was fair that QBE covered the replacement cost of the invoices based on the purchase price of these.*

*I agree that it would be fair to expect QBE to cover the cost of these items at their new replacement cost and this is in line with the policy terms. QBE has said it needs to establish whether the items are owned by 1 with the incorporation of the company being relatively recent. I think this is a fair approach to take and it is right that it is able to confirm the validity of the claim and the loss.*

*If 1 can demonstrate the ownership of the various tools and chainsaws, I would expect QBE to increase its offer from £6000 to £7,618.40 excluding VAT.*

*1 has spoken about the impact of this claim and how this has caused it financial loss with the hire costs incurred. This is something that QBE hasn't had the opportunity to consider and so I cannot comment on whether it has made a fair claim decision here. But for the reasons I've explained above, I think it will need to take steps to put right its previous claim decision and the valuation placed on the items I've set out.*

*I plan on directing QBE to do the following to put things right:*

*In line with our investigators opinion, increase the valuation of the Takeuchi TB240 Excavator to £39500 from £28500.*

*Increase the valuation of the two tippers trailers to £5000 for trailer 1 and £5500 for trailer 2. This is an increase from £2850 and £4500 respectively.*

*On receipt of evidence that the various hand tools and chainsaws are owned by 1, QBE should increase its valuation of these from £6000 to £7,618.40.*

*After calculating the total increase in the valuation of the items I've set out above, QBE can deduct the original overpayment of £890 made when the claim was previously settled. One deducted, the outstanding amount should be paid with 8% interest from the 4 September 2024 until date of payment.*

*1 responded to say it accepted the increase in the valuation provided for the trailers but was struggling to understand the change in position on the dumper valuation. It said the dumper was purchased brand-new with no hours worked. Service records had been provided to QBE to show the dumper had less than 300 hours worked shortly before it was stolen. So, it felt the higher valuation of £12950, should be used and not the lower valuation.*

*It also felt all information had been provided previously to QBE to demonstrate the ownership of the various tools and chainsaws and it should not need to complete any further checks in relation to these items being paid, on a new for old basis.*

*QBE responded to say it wanted more time to provide its response.*

*I shared what 1 had provided about the dumper and its service history as this wasn't something I'd seen before. I said in the absence of it being demonstrated the dumper did not have low hours of use, close to the time of theft, I'd be minded to revert to the higher valuation as being fair and I asked for comments on this as well as the provisional decision.*

*QBE hasn't been able to provide a response and with the deadline and subsequent deadline having now passed, I've progressed the case with what I have.*

## **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.

With the new information provided by 1, I am departing slightly from the provisional decision on this point. But see no reason to depart from this on any other area covered above.

In line with what I set out to QBE, I think the absence of anything to show the dumper did not have a low number of hours worked, as set out by 1, it is fair to place the valuation at the higher end of the adverts provided. These demonstrate vehicles of a similar age and usage could be purchased for £12950. Based on the dumper being purchased new and it not being demonstrated that the hours worked were above what 1 has said, I think this is a fair valuation and QBE should increase the settlement in line with this.

I accept that 1 has said QBE has validated this claim previously but as the insurer, it is entitled to carry out checks to do this. It has said it needs to determine if all of the various tools and chainsaws were owned by 1 at the time of the theft and think this is fair. But as I've set out above, if demonstrated these are owned by 1, the settlement should be increased.

## **putting things right**

QBE needs to do the following to put things right:

In line with our investigators opinion, increase the valuation of the Takeuchi TB240 Excavator to £39500 from £28500.

Increase the valuation of the two tippers trailers to £5000 for trailer 1 and £5500 for trailer 2. This is an increase from £2850 and £4500 respectively.

Increase the valuation and settlement for the MECALAC dumper to £12950.

On receipt of evidence that the various hand tools and chainsaws are owned by 1, QBE should increase its valuation of these from £6000 to £7,618.40.

After calculating the total increase in the valuation of the items I've set out above, QBE can deduct the original overpayment of £890 made when the claim was previously settled. Once deducted, the outstanding amount should be paid with 8% interest from the 4 September 2024 until date of payment.

## **My final decision**

For the reasons I've set out above, I uphold 1's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask 1 to accept or reject my decision before 10 December 2025.

Thomas Brissenden  
**Ombudsman**