

The complaint

A company I'll refer to as N has complained that QIC Europe Ltd unfairly turned down its business interruption insurance claim after it was forced to close due to the Covid-19 pandemic.

Mr S, a director of N, has brought the complaint on N's behalf.

What happened

N held a business interruption insurance policy with QIC. It claimed on its policy after closing in March 2020 due to the Government's actions in response to the Covid-19 pandemic.

QIC said that, while the policy covered business interruption as a result of a notifiable disease at the premises, N had closed as a result of the Government Act in response to the national pandemic. As QIC thought N had closed in response to the national lockdown, rather than because someone at its premises had Covid-19, QIC turned down its claim.

N was unhappy with QIC's response and brought its complaint to our service. It said an employee's relative had been on the premises with symptoms of Covid-19 on 19 March 2020, before later being admitted to hospital on 2 April. N provided a statement from the employee's relative saying they had been at N's premises, as well as a copy of the hospital discharge summary, stating that they had Covid-19.

Our investigator looked into N's complaint but didn't recommend it be upheld. He thought the policy would only cover closure due to Covid-19 if there had been a case at N's premises. And he didn't think he was able to conclude that the employee's relative had most likely been at N's premises.

N disagreed and asked for an ombudsman's 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.

I'm sorry to hear that the pandemic and the Government's related actions had an impact on N's business. However, I'm not going to uphold its complaint. I'll explain why.

Business interruption insurance offers protection from risks common to a business, but different policies can provide different types of cover. What is and isn't covered is set out in the policy terms and conditions. I've therefore looked carefully at this particular policy to see if QIC has acted fairly, reasonably and in line with the terms and conditions of the policy when declining N's claim.

The relevant part of N's policy covers loss in consequence of:

*“closure or restrictions placed on the **Premises** on the advice of or with the approval of the Medical Officer of Health for the Public Authority as a result of a **Notifiable Human Disease** occurring at the **Premises**”*

The policy defines Notifiable Human Disease as:

*“...An illness sustained by any person caused by
a) food or drink poisoning
b) any human infectious or contagious disease
c) an outbreak of which the competent local authority has stipulated shall be notified to them”*

For this extension to provide cover, the policy requires the closure or restrictions placed on the business premises to have been the result of a case of a notifiable human disease occurring at the premises. Covid-19 is a notifiable disease, so I've then considered the information I have to decide if I think it's more likely than not that there was a case of Covid-19 at N's premises. As with any insurance claim, the burden of proof initially rests with the policyholder to demonstrate that it's suffered a loss which its policy covers.

The statement from the relative of N's employee says that they visited N's premises on 19 March when they had a cold and fever and their symptoms then worsened over the next few days. The employee's relative clearly had Covid-19 by 2 April, as evidenced by the hospital discharge summary, but their testimony alone isn't enough to persuade me, on the balance of probabilities, that they were at N's premises just before the lockdown began or, if they were, that they had Covid-19 at that time. As I haven't seen anything to persuade me that it is more likely than not that there was a case of Covid-19 at N's premises, I don't think this extension provides cover for the circumstances of its claim.

I appreciate my decision will be disappointing to Mr S, but having considered this matter very carefully, I don't think I can fairly require QIC to pay N's claim.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 10 September 2021.

Sarann Taylor
Ombudsman