

The complaint

Mr and Miss T complain about poor claims service they received from their home insurer, QIC Europe Ltd, (QIC) following their claim for fire damage to their home. They seek compensation for the inconvenience and stress they have been caused.

What happened

I sent the parties a provisional decision in February 2022, in which I set out the following background information to the complaint and my provisional findings.

Mr and Miss T held a home insurance policy with QIC from February 2020. In July 2020 their home was damaged in a fire and they claimed for the damage to QIC. Miss T moved out of the house due to health problems and stayed with family, and later on at a hotel.

QIC used claims handlers to manage the claim and they sent a surveyor to assess the damage and he thought parts of the house shouldn't be used but overall the house was habitable. In August 2020 QIC's loss adjusters provided Mr and Miss T a scope of works for the repairs to their home. Questions and clarifications followed between Miss T and the loss adjusters and the scope was reviewed.

The work took longer to start than was anticipated and Miss T extended her hotel stay and complained about the claims handling in September 2020. In late September the work started, and Mr and Miss T were provided with alternative accommodation (AA) in a hotel. In mid-October the contractors said the work was almost finished and Miss T and Mr T could move back home. They did so but were very unhappy with the state their home had been left in by the workman and the number of outstanding tasks.

Further work was carried out, but Mr and Miss T were unhappy with the quality of the workmanship and set out a list of requirements. Cracks appeared and remedial work and outstanding repairs was re-started in November 2020 and Mr and Miss T said they wanted it certified by a surveyor.

Mr and Miss T complained again and QIC's claims handler sent a surveyor to their home in December 2020 and apologised for poor workmanship. It said its contractors would provide a full programme of works to start in the New Year and Mr and Miss T should move out. The claims handler waived Mr and Miss T's excess of £350 and paid them £150 to buy a heater.

Mr and Miss T told the claims handler in December 2020 that insufficient support had been used by its contractor for their bathroom floor, and this was then fixed. They said they didn't want the claims handler to use the same contractor for the remaining work.

The work re-started in January 2021 and Mr and Miss T returned to AA. They disagreed about whether it was safe for them to return home and Mr and Miss T requested an extension to the AA. At the start of February 2021 Mr and Miss T were told the contractors had caused serious water damage to their home. They complained to QIC and said this added to the great stress and anxiety they were already experiencing through their claim.

In response, QIC's claims handlers arranged for the property to be dried and set out the redecoration work required and extended Mr and Miss T's AA from 31 January to 10 March 2021. The repairs started in late February and Mr and Miss T returned in March. However, two weeks later there was another escape of water due to a pipe failure. Emergency plumbing followed by further drying out and further AA from 24 to 31 March 2021, in April and from 15 to 28 June 2021 but without living expenses. Mr and Miss T made a further complaint about their treatment saying they shouldn't have been at home at all during this time as the plumber said their bathroom was unusable. The claims handler's surveyor disagreed and pointed out that Mr and Miss T had another, outside bathroom they could use.

A site visit was arranged for April 2021 and a revised schedule of work drawn up and a new building contractor appointed to complete the work. Further disagreements occurred about the extension of AA and the claims handlers insisted Mr and Miss T's home was habitable. They offered further compensation of £750. Mr and Miss T said their bath wasn't safe to use and they should have been offered further AA. They said that by June their home had been dried out and the next phase of building work started with AA agreed for seven days.

QIC said it appreciated Mr and Miss T's distressing experience with the claim and had made every effort to assist them. It thought the £750 compensation offer was fair and reasonable.

Mr and Miss T were dissatisfied with QIC's response and brought their complaint to our service. They remain dissatisfied with aspects of the work and said a promised surveyor's report on the repairs hadn't been carried out. They said their out of pocket expenses hadn't been repaid for the periods when they were out of their home and they sent in a list of expenses totalling over £5,000. They said there were still outstanding issues with the repairs that needed to be resolved.

Our investigator thought the complaint should be partly upheld. He said it was reasonable for QIC not to provide AA at the start as the surveyor said this wasn't necessary and the work would be completed quickly. But significant delays followed and Miss T's health might have suffered. He said Mr and Miss T should receive a disturbance allowance for the period of AA between 14 to 26 September. He said there were many issues with the work and Mr and Miss T had to stay away again from 10 to 24 January 2021. He said given the breakdown in the relationship between Mr and Miss T and the contractors, QIC should have replaced these. But he thought it wasn't possible for QIC to predict the escapes of water but there were delays and times when QIC didn't respond to Mr and Miss T for a number of weeks.

The investigator said QIC should pay Mr and Miss T £2,000 compensation for their distress and inconvenience. And £10 each per day that they were in AA where that AA didn't include cooking or storage facilities. He also said QIC should consider Mr and Miss T's costs of additional calls, petrol used, and the cost of laundry. He said QIC should pay for the energy use for the outside bathroom, which he calculated at £132. And £266 parking fees and £214 train fares whilst they were away from home. He said QIC should complete the remaining repairs to a good standard or offer Mr and Miss T a cash settlement so they could do them.

Mr and Miss T weren't happy with the investigator's assessment as they felt it underestimated the problems with the repairs and the danger these placed them in. They provided amounts for their additional costs and said QIC should pay a further £815 for unspecified additional expenditure. They said the compensation should be £20,000 not the £2,000 put forward by the investigator. They requested an ombudsman review their complaint.

QIC's claims handlers responded to say it didn't cause the leaks that affected Mr and Miss T's home but included them in the claim as a gesture of goodwill. It didn't accept that the house was uninhabitable at all points that Mr and Miss T had suggested, and it had covered AA costs. It said their bath was safe to use.

QIC's claims handlers said it would pay Mr and Miss T for their calls and parking fees on production of evidence. But wouldn't pay for additional petrol as this is excluded by the policy or the train fares as they appeared to be unrelated to the claim. It said it had paid Mr and Miss T a food allowance while in AA and so wouldn't pay a disturbance allowance suggested by the investigator.

My provisional findings

References to QIC include its agents. Large fire damage claims can be complex and involve a range of parties and it follows that there will be significant disruption and inconvenience to the policyholders. My role is to determine if unnecessary inconvenience or avoidable delays have been caused by the insurer and its agents and to decide the appropriate remedy for this. And I have looked to see if Mr and Miss T have been treated fairly by their insurer.

It is difficult to determine how long the claim have taken to complete. The covid epidemic will have added to the time for the repairs and Miss T had concerns about infection from contractors. There were times when the contractors weren't available to start working and times when they finished before all repairs were completed.

I have seen the communications from Mr and Miss T during the claim and they amount to increasingly desperate attempts to get the work completed and to get poor workmanship re-done. There was also short notice given to Mr and Miss T about moving back home from AA. The problems appear to lie with the contractors, and this was acknowledged by QIC's claims handlers in their response to Mr and Miss T's complaint in December 2020. These problems included poor and confusing communications, the likelihood, given the disconnection and reconnection of pipes by the contractor, that they caused the escapes of water that damaged the house further and prolonged the claim, and other poor workmanship.

I think the problems went on beyond the point at which Mr and Miss T had any faith in the contractors work or their deadlines, or the claims handlers, and they demanded a change of contractors. It's unclear to me why the claims handlers persisted with the contractors for so long when the repairs weren't carried out properly and communications with the contractors had become increasingly strained. Or why QIC don't think there was a breakdown in trust, whilst acknowledging Mr and Miss T refused for the contractors to return. I think QIC and its agents were very slow to deal with issues causing Mr and Miss T distress and inconvenience and so failed to minimise it when they could. Eventually QIC's claims handlers put the claim with a senior claims handler and generally, communications improved from then on.

I can see that Mr and Miss T had to move into AA on four separate occasions and had extended stays causing them huge disruption and inconvenience. Organising AA was time consuming and difficult and on occasions they had to change AA whilst away from home. QIC's claims handlers made the point that it is very difficult to know exactly how long repairs will take and I don't think they could have anticipated the escapes of water. However, at times the AA wasn't sufficient due to lack of contingency planning and overruns of the work and so I think much disruption and inconvenience Mr and Miss T suffered was avoidable.

Miss T said she was signed off work with stress during the claim. She said both her and Mr T's work has suffered and they had to take annual leave costing about £1,500 and some unpaid sick leave. In terms of work absences, it is expected that a policyholder will be inconvenienced in the furtherance of their claim and we wouldn't normally make a specific award for someone's time. However, I think Mr and Miss T have been put to a greater level of inconvenience to their work than was necessary and I have included consideration of this point within my overall assessment of compensation.

Miss T said she received counselling for the stress she has endured with the claim and this should be considered in an award of compensation. She said if it wasn't she would raise a personal injury claim in law. I have taken the stress and inconvenience she and Mr T have suffered into consideration as part of my assessment of compensation I think it fair to award. However, given the scale of the compensation requested by Mr and Miss T and the fact that we don't award damages as a court could, or compensation to penalise a business as Miss T requests, it is an option for Mr and Miss T to reject the final decision that will follow this provisional decision and take legal action against QIC.

QIC awarded Mr and Miss T a total of £1,100 compensation for the poor service they received. Our investigator recommended this be increased to £2,000. I think that QIC's poor handling and mistakes caused Mr and Miss T sustained distress affecting Miss T's health and severe disruption to their lives for much longer than should have been necessary. QIC didn't act as quickly as it ought to have to minimise the impact of the harm to Mr and Miss T. I am currently minded to award Mr and Miss T £2,500 compensation as a fair and reasonable reflection of what they have suffered.

Our investigator recommended QIC pay Mr and Miss T a disturbance allowance of £10 per day each, for 44 days, and some expenses. Our approach is that it's fair for policyholders away from home to receive a payment for additional expenditure. QIC said it paid Mr and Miss T an allowance for food while they were in AA. It would help to know how much this was to deduct it from the £880 disturbance allowance that we consider fair to be paid in these circumstances. This allowance would cover expenditure such as additional laundry and food costs. I see no reason for QIC to meet the costs of any unspecified expenditure.

Mr and Miss T said further AA should have been paid for by QIC during the claim. I have thought about whether sufficient AA was authorised. I'm aware that Mr and Miss T did have alternative washing facilities at home and so the policy definition of uninhabitable within the policy wasn't always met. The only expert evidence about this was from the claims handler's surveyor and I haven't seen anything to challenge his assessment.

However, it follows from this that it's fair for QIC to compensate Mr and Miss T for the additional energy costs for use of their outside bathroom while their other facility was out of use. Our investigator has calculated that at £132 and that appears to be reasonable to me.

Mr and Miss T said they had incurred additional travel, parking and other costs during their various stays in AA but QIC told them their additional travel and parking expenses weren't covered. They said they'd incurred £185 call costs and £626 for additional mileage. I think that expenditure which is clearly additional to what a policyholder would normally incur and is directly related to the consequences of the claim should be recompensed so long as it is evidenced to an insurer. I think it's reasonable for QIC to insist on seeing evidence of costs incurred before paying for these.

I understand that QIC has paid Mr and Miss T for some of their parking charges. I now need QIC to give me detail about what it has paid including food allowance, parking charges and any other expenses claimed by Mr and Miss T. QIC needs to make clear whether evidence received is sufficient to prove the expenditure or exactly what evidence it requires from Mr and Miss T. I also need both parties to say if there any outstanding repairs associated with the claim and how these will be resolved.

My provisional decision and the parties' responses

I provisionally upheld the complaint and said QIC should pay Mr and Miss T the following:

- £2,500 compensation for the impact its poor service has had upon them.

- A disturbance allowance at £10 per day each for Mr and Miss T while they were out of their home, totalling £880, less any amount already paid for this purpose by QIC.
- Parking charges evidenced by Mr and Miss T for while they were out of their home.
- Additional petrol used and train fares whilst they were away from home.
- Energy use for the outside bathroom, which the investigator calculated at £132.

Mr and Miss T said the decision was rightly very critical of QIC and its contractors, but didn't mention the initial work on the supporting beams which left the house very unsafe. They said they both came very close to losing their jobs due to the excessive time they both had to take off to attend meetings, move accommodation and be on site. They said the claim took them to the edge of their mental health, and Miss T had unpaid leave to receive counselling.

Mr and Miss T said that no survey had been carried out on the repairs. They said there are several cracks on the walls and ceiling in the hallway and dining room and the bulkhead woodwork has cracked again for the third time. And this has been reported to QIC.

Mr and Miss T felt the compensation I put forward doesn't punish QIC enough, making no difference to its balance sheet and not acting as a deterrent to make them up their game and never inflict this on anyone ever again. They said other similar cases we have dealt with were assessed in a higher compensation band. They said that QIC's suggestion that the escapes of water weren't its responsibility is appalling.

QIC responded about the costs claimed saying it had paid parking fees of £83.50 as agreed by Mr and Miss T and accepted the energy costs. It said it had requested but not seen any evidence of additional travel and additional call costs but would review evidence if provided.

QIC said it has paid Mr and Miss T food allowance for when they were in a hotel, and at other times they had access to cooking facilities and so it didn't think anything further was due. It set out details of when Mr and Miss T were out of their home from the start of 2021. This excludes payments made to Mr and Miss T during the initial claim period.

10 to 24 January 2021 – reimbursement of costs for cooking and laundry facilities.

31 January to 28 February – this was for an apartment and there should be no increased costs as laundry and cooking facilities would have been available.

28 February to 10 March – this was for an apartment and there should be no increased costs as laundry and cooking facilities would have been available.

10 March – this was for a hotel, the food costs were reimbursed.

24 to 31 March – this was for a hotel, the food costs were reimbursed.

1 to 30 April – this was for an apartment and there should be no increased costs as laundry and cooking facilities would have been available.

15 to 22 June – a £15 food allowance was paid per person per day.

22 to 29 June – a £15 food allowance was paid per person per day.

QIC has recorded payments to Mr and Miss T under the heading of food and drink and 'food allowance' in excess of the £880 I put forward in my provisional decision. As to the building works, QIC said it can offer a cash settlement and has requested Mr and Miss T for a quote based on its scope of works for the outstanding restorations, however, this has not been forthcoming. QIC questioned the increased compensation award of £2,500 as significantly above what it would usually see.

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 again, I've reached the same conclusions as within my provisional decision and for largely the same reasons. I will explain my reasons, but firstly address the responses to my provisional decision.

I have reconsidered the expenses Mr and Miss T claimed in the light of the further information received. I'm pleased QIC has paid the parking fees and accepted the energy costs. If these haven't been paid, they should be now. Mr and Miss T should provide evidence of any additional travel and call costs related to the circumstances of their claim and these will be considered by QIC.

QIC has recorded payments to Mr and Miss T under the heading of food and drink, laundry and 'food allowance' in excess of the £880 I put forward in my provisional decision. From the information I've seen I don't think QIC needs to make any further payment for disturbance. However, if Mr and Miss T have evidence of any other expenditure that hasn't been reimbursed, they should submit this to QIC. As I said in my provisional decision, it isn't reasonable to expect QIC to meet the costs of unevicenced or unspecified expenditure.

Mr and Miss T said I hadn't mentioned the initial work on the supporting beams which left the house very unsafe. However, in my provisional decision I said that cracks appeared, and they were unhappy with the quality of the workmanship. And that insufficient support had been used by its contractor for their bathroom floor and that they disagreed about whether it was safe for them to return home. I have reconsidered the safety of their home and their potential jeopardy, but I can't award compensation for what might have happened only what has happened.

Mr and Miss T said there are cracks on the walls and ceiling in the hallway and dining room and the bulkhead woodwork has cracked for the third time, as reported to QIC. QIC said it can offer a cash settlement for the outstanding restorations and has requested that Mr and Miss T provide a quote based on its surveyor's scope of works. If this hasn't been done yet I would recommend that Mr and Miss T provide a quote without delay. Should a cash offer or the repairs not proceed satisfactorily from this point then it is open to Mr and Miss T to bring a further complaint about this if they wish.

In their response Mr and Miss T said the level of compensation wasn't punishing QIC enough. Our service doesn't have a remit to punish businesses or make an example of them. We are required to look at the circumstances of each complaint and reflect the harm we think a consumer has been caused with compensation, but we are unable to impose fines or enforce other punitive measures.

QIC appears to have been somewhat at arm's length with this claim as many problems concerning delays, AA and poor workmanship were between Mr and Miss T and the loss adjusters and contractors. Had QIC been closely involved I don't think it would have persisted with the same contractors well beyond the point when the policyholders had reason to have lost all confidence in them. I've described the communications from the policyholders as increasingly desperate attempts to get the work completed and to get poor workmanship re-done. There were also problems around AA, in particular short notice given to Mr and Miss T about moving back home.

QIC requested an explanation of the increased compensation I proposed. Compensation of £2,500 is significantly above what is usually awarded in insurance complaints. But I think it is justified by the circumstances suffered by the consumers, that I have outlined in my provisional decision. The poor treatment of Mr and Miss T's claim and the very poor service they have received from QIC and its agents are significantly above and beyond what I

normally see with similar claims. This includes avoidable delays, poor and misleading communications, contractors who it appears to me caused two separate escapes of water at the policyholders' home greatly prolonging the claim and adding to the stress they felt.

Mr and Miss T said the claim took them to the edge of their mental health, and Miss T had unpaid leave to receive counselling and has had to take several weeks' sick leave for stress. They said they both came close to losing their jobs due to time they had to take off for meetings, moving accommodation and to be on site. I hope Mr and Miss T can see that I've fully considered the very difficult circumstances and stress they have faced during their claim, and I think the compensation of £2,500 is fair.

My final decision

For the reasons given here and within my provisional decision the complaint is upheld. I require QIC Europe Ltd to pay Mr and Miss T the following:

- £2,500 compensation for the impact its poor service has had upon them.
- Additional petrol used and train fares whilst they were away from home, based on evidence of costs they provide.
- Energy use for the outside bathroom, which the investigator calculated at £132, unless already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Miss T to accept or reject my decision before 8 April 2022.

Andrew Fraser
Ombudsman