

The complaint

Miss D and Mr M complained their policy was cancelled back to the inception date and their claim for damage following a leak was declined. They had a home insurance policy with QIC Europe Ltd (“QIC”).

What happened

Miss D and Mr M made a claim for damage caused to their property from a leak. QIC reviewed and validated the claim.

QIC didn’t think Miss D and Mr M represented themselves accurately when they renewed their policy. It advised *“that staying at the property to carry out renovations, does not mean that the property is lived in as a second home or commuter home”* which is how Miss D and Mr M represented themselves.

QIC also believed the property was *“unoccupied and unfurnished”*. It said, had it been aware of this fact, it wouldn’t have offered insurance in the first place. Therefore, it cancelled the policy. It also said escape of water isn’t covered by the policy in the event the property is left unoccupied or unfurnished.

Miss D and Mr M disagreed. They said they had been staying in the property three or four nights per week whilst carrying out renovations. They said they had been sleeping on a mattress and had stored many of their possessions in the garage. They want their claim paid in full.

Our investigator decided to not uphold the complaint. She didn’t think Miss D and Mr M had provided enough evidence the property was being lived in, so she thought QIC had been reasonable in applying the terms and conditions of the policy to decline the claim. Miss D and Mr M 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.

An insurer will cover several risks and scenarios when they say they will insure a property, but most policies will include exclusions on circumstances the insurer isn’t happy to provide cover or policy limits which reduces their exposure. In return for this, the insurer accepts a premium from the policyholder. If insurers offered limitless cover, the premiums would be much higher – so they try to offer reasonable cover at a pragmatic cost. It’s essentially a commercial decision for the insurer and a prospective policyholder can shop around and buy a policy that suits them at a price that’s affordable.

Unfortunately, having reviewed the circumstances of Miss D and Mr M’s claim, I won’t be upholding this complaint. I think QIC have been reasonable in saying the property wasn’t occupied and was unfurnished, so was fair in declining the claim as the escape of water peril is excluded from the cover of the policy in this scenario. I’ll explain why, but I think an

unoccupied property adds additional risk for an insurer in providing cover.

I appreciate Miss D and Mr M provided a testimony that they were renovating their property, which they used as a second home. They said they were staying at the property between 3 or 4 times per week at the time of the reported incident, which they say meant the property was lived in.

QIC has provided evidence from its surveyor that the property was unfurnished when he visited the property. Miss D and Mr M said they threw away the mattress they were using as it had become damaged by the leak. They also said they had moved most of the furniture out of the house to prevent it from been further damaged – with some being left in the garage. They also said they had removed their clothes from the property to allow them to be washed following the incident.

QIC has provided evidence that the house was on the market shortly before the incident. Miss D and Mr M confirmed it was briefly on the market for rent. Having looked at the sales particulars, the interior of the house already looks in excellent condition – so, I think if any remaining renovations were carried out I would think these were extremely minor. I also think the furniture on show in these particulars are consistent with what the surveyor shared in his report (i.e., extremely minimal). I find QIC's evidence more persuasive than the written testimony from Miss D and Mr M which doesn't come with any supporting evidence. Even though, Miss D and Mr M intimated they added furniture after the photos were taken, I find QIC's logic more plausible.

I've checked the policy and it doesn't cover escape of water when the property is either unfurnished or not lived in. I think the policy terms are clear on this point and were explained in QIC's final response. As I think QIC has proven it's likely the house wasn't lived in or contained furniture. I think it has been fair in declining the claim.

I've then considered whether I think QIC were fair in cancelling the policy. I think it was. It fully refunded Miss D and Mr M's premiums. I think this was the most favourable outcome for them. They couldn't benefit from a claim and QIC refunded any money paid for that year's cover. So, I don't think this action has been detrimental for Miss D and Mr M, so I don't uphold their complaint.

I see that Miss D and Mr M said after the final response that they thought QIC had used bully tactics and had cancelled their insurance then reinstated it. They said they were mis-sold contents and accidental cover. As I can't see this specific point was raised with QIC directly, I don't have jurisdiction to look at it. Miss D and Mr M can raise this new complaint with QIC and once QIC has had opportunity to respond to it, our service can look at this if Miss D and Mr M choose to escalate it to us.

I've not considered Miss D and Mr M's SAR (GDPR) request either. As our investigator has explained to them, this is better dealt with by the Information Commissioner's Office (ICO) who can look at how Miss D and Mr M's request was handled. However, I don't think any new information received would change my view that the policy didn't cover Miss D and Mr M's circumstances in this claim.

My final decision

My final decision is that I don't uphold this complaint. I don't require QIC Europe Ltd to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D and Mr M to accept or reject my decision before 12 October 2023.

Pete Averill
Ombudsman