

The complaint

Ms K complains about how QIC Europe Ltd considered and settled a contents insurance claim.

QIC are the underwriters (insurers) of this policy. Much of this complaint concerns the actions of their appointed agents. As QIC accept they are accountable for the actions of their agents, in my decision, any reference to QIC should be interpreted as also covering the actions of their appointed agents.

What happened

The background to this complaint is well known to Ms K and QIC and has taken place across a number of years. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

Ms K had a home insurance policy with QIC. In 2021, her property was damaged by a fire and she made a claim against her home insurance policy. QIC accepted and considered the claim (contents) and Ms K accepted a settlement of £35,000.

After she'd accepted the settlement, Ms K disputed that she'd been fully indemnified under the contents part of her policy. Specifically, she disputed that she'd received payment for all damaged contents. She raised a complaint with QIC and as she remained unhappy with their response, she referred it to our Service for an independent review. Our Investigator most recently recommended that her complaint be upheld and as QIC didn't accept, the complaint has been referred to me for a final 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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service.

Ms K has raised a number of complaints relating to this claim and referred some of those complaints to our Service. I need to be clear that my decision is only considering the points addressed by the final response letter dated 16 March 2023 and then referred to our Service. That final response letter from QIC addressed clothing in storage, dry cleaning costs and the overall settlement of the contents claim.

QIC have referenced possible underinsurance - given that Ms K initially quoted her contents were estimated to be worth around £128,000, then £78,000 before she accepted the settlement of £35,000. My decision is not considering any impact of any underinsurance.

The main focus of my decision will be whether QIC have fairly settled this claim. The fact that Ms K already accepted a settlement is irrelevant and not grounds for me to dismiss this complaint point.

The purpose of this insurance policy was to indemnify Ms K in the event of an insured event taking place. In this case - a fire. Having carefully considered the evidence, I'm reasonably satisfied that Ms K accepted the settlement offer in good faith, but has since alleged that it doesn't fully indemnify her. QIC are the experts in this contract of insurance with Ms K. They and their agents are expected to handle a claim efficiently and professionally. In this case, I find that much of the problems that now exist could have easily been avoided had a more thorough inventory of items being removed been kept - ideally, with photographic evidence.

The fairest way forward to bring this claim to a resolution is for QIC to validate each item being claimed for and show the full detail of their review to Ms K. In a recent response to our Service QIC said "[Ms K] *is attempting to claim for items that were already included within the full and final settlement*". A full clear and transparent evidence based review will either allow 1- a fair settlement to be reached or 2- demonstrate with evidence that the offer previously made (£35,000) was fair. As things stand, the actions taken by QIC have achieved neither of these outcomes. Breakdowns have been provided by Ms K of what she believes is outstanding. This will be a good starting point. This will also allow QIC to demonstrate if they've already indemnified Ms K for part of her contents claim.

Ms K needs to be aware though, that if QIC have already indemnified her for specific items and can show clear evidence of such, they wouldn't be expected to indemnify her again for those same items. This would create betterment - which is not the purpose of this insurance policy.

Ms K should take note that I'm not making any direction to make a specific cash settlement amount in relation to this part of her claim. I've simply concluded, on balance, that she has provided enough evidence to suggest that QIC may not have fairly reached the settlement amount she initially accepted – and they now need to reconsider it.

Dry cleaning costs

Ms K has also disputed that she wasn't fully indemnified for dry cleaning costs. If this point is still outstanding, QIC need to reconsider these costs and if they can clearly show she has already been indemnified - no further action is needed.

There has been a lot of back and forth communication in this claim. Subject to Ms K clearly providing evidence of her dry cleaning costs, QIC should reimburse her any outstanding costs (not already paid) and add 8% simple interest per annum from the date she made payment until the date any settlement is made

The wooden furniture

Ms K was told in an email between herself and QIC's loss adjuster on 2 March 2022 that a specialist would look at wooden furniture items following redecoration works to see if they could be restored:

"I would not remove the items that you had an emotional attachment to and would ask they are cleaned and when decoration is completed, I would attempt restoration at our cost however if they failed, then there would be no further payment for them and which you agreed....."

I can confirm that we will not be instructing [third party company name removed by Ombudsman] until after redecoration has been carried out so as to prevent any further issues as to contamination and as we agreed."

I disagree with QIC that they made it clear to Ms K that the settlement offered was *instead* of restoration works being attempted. If this point is still outstanding, QIC now need to arrange for this to happen.

I note QIC offered to visit Ms K's property but she objected. I need to make Ms K aware that a further visit may be required to help bring this part of her claim to a resolution. Should she not be agreeable, it's unlikely this part of the claim will be able to move forward.

How have QIC treated Ms K overall?

Ms K alleged that the loss adjuster pressured her into accepting the offer. I've seen no evidence that persuasively supports this and pressure can be subjective. What feels like pressure to one customer, may not to another. I've no doubt that the loss adjuster (on behalf of QIC) will have tried to be persuasive, but I've to balance this off against him allowing Ms K to negotiate upwards the settlement amount and his notes refer to having tea and leaving on good terms.

On balance, I've seen nothing to allow me to fairly conclude that they acted in an inappropriate manner.

However, I agree with our Investigator that QIC's actions in handling this claim (overall) have caused avoidable trouble, upset and frustration for Ms K across a long period of time. Overall, I find the £200 recommended by them to be fair, reasonable and proportionate in the circumstances of this complaint.

Putting things right

In summary, I'm directing QIC Europe Ltd to reconsider the main part of the content claims (subject to the policy terms and limits) and validate each item being claimed for and show the full detail of their review to Ms K. Should she have not been indemnified for any items, cash settle the outstanding amount (above the £35,000 already offered) and add 8% simple interest per annum on any amounts owed from the date she initially accepted the settlement of £35,000 until the date any updated settlement amount is paid to her.

QIC Europe Ltd also need to now pay any outstanding dry cleaning costs arising out of this claim that she can produce reasonable proof of. 8% simple interest per annum should also be added to any amounts owed from the date she made payment until the date any settlement is paid to her.

QIC Europe Ltd need to arrange for the attempted restoration of the wooden furniture reference above to happen.

Finally, QIC need to pay Ms K £200 in recognition of how they've handled this claim overall.

My final decision

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 18 December 2023.

Daniel O'Shea
Ombudsman