

## **The complaint**

Mr and Mrs C complain that QIC Europe Limited (QIC) declined their claim under their home insurance policy.

## **What happened**

Mr and Mrs C noticed that their heating system was dropping pressure. They thought that they had a leak but couldn't see the source of it. They made a claim under their policy with QIC, and it advised them to obtain a power flush before it sent an engineer to investigate further. Mr and Mrs C had a power flush conducted, at a cost of £700.

QIC then sent an engineer to carry out investigations. The engineer in his report, said that there were no visual signs of a leak and when he topped up the boiler, the pressure remained stable, for the duration of his visit. He also took thermal images and concluded that the cause of the loss of pressure was undetermined.

QIC also sent a surveyor and in his report, he found that the floor in the utility room was wet. He advised Mr and Mrs C to trace the leak, and if they found it, then reasonable trace and access costs would be reimbursed. The surveyor said that there would be cover for the damage caused in the utility room and provided estimated costs for the repairs.

Mr and Mrs C instructed an independent engineer to trace the source of the leak. The engineer found the leak to have come from a pipe located under the floor in the kitchen. The escaped water had affected a carpet in an adjoining room and a unit. Mr and Mrs C paid the engineer £522.60. They submitted the report to QIC. But QIC declined the claim, so, Mr and Mrs C made a complaint.

In its final response, QIC maintained its position. It said that the policy only provided for damage to the property and as no visible damage could be seen, it wasn't obliged to investigate the source of the leak.

QIC also said that its surveyor noted that the subfloor (under the kitchen units) was wet but said that this would dry naturally. Mr and Mrs C were given their referral rights and as they remained unhappy by the decision, they referred a complaint to our service.

One of our investigators considered the complaint and thought it should be upheld. Her view was, that QIC didn't have enough evidence to decline the claim. She said that the evidence from Mr and Mrs C's engineer, was more robust in terms of the investigation carried out, and more persuasive than the reports that QIC had relied upon from its engineer and surveyor.

She recommended that QIC:

- Re-consider the claim in line with policy terms when Mr and Mrs C provided confirmation of the cause of damage.
- Consider Mr and Mrs C's claim for trace and access costs after QIC receive confirmation of the cause of damage

- Should the claim be covered by the policy, pay 8% interest on top of the £522.60 cost for the tracing services, from the date Mr and Mrs C paid their engineer until the date QIC settles the cost.
- Reimburse Mr and Mrs C for any works QIC told them must be carried out before its engineer could attend, adding 8% simple interest to this amount – from the date the payment was made until the date QIC issue the payment.
- Compensate Mr and Mrs C £150 for the upset and inconvenience caused.

Mr and Mrs C accepted the view, QIC did not, in full. It said that the claim was declined because there was no damage to the property, only a wet concrete floor, which would dry out naturally. It said that our investigator's decision inferred that the claim was declined due to no leak being found, which was incorrect. It said there was no valid claim under the escape of water peril and as such no trace and access costs could be refunded, under the policy.

QIC agreed to reimburse Mr and Mrs C's engineer's costs (£522.60), as a leak had been detected. As well as the attributable interest at 8%. It said that it would pay compensation of £150, as there was damage to the carpet and the kitchen unit, which it ought to have paid to Mr and Mrs C. As it felt that it had complied with the policy terms and conditions, it asked for a decision from 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.

Having done so, I will uphold this complaint, and I'll explain why I think this is fair.

I thank both parties for all the evidence and comments they've made, which I've carefully considered. I'm satisfied that both parties accept that there was an escape of water that happened at Mr and Mrs C's home. I understand that initially QIC's engineers were unable to detect a leak, but it now accepts that one was detected by Mr and Mrs C's engineer and have agreed to reimburse the costs that Mr and Mrs C incurred for this.

I note that QIC has also stated that it will consider the damage caused to contents namely the carpet and units. And it will instruct its supplier to inspect the items and assess whether they are repairable or need to be replaced.

QIC also accept the compensation of £150, recommended by our investigator, for the trouble and upset caused.

So, QIC hasn't accepted that it should reimburse Mr and Mrs C's costs of £700 for the power flush, they were advised to carry out before QIC instructed its engineer to attend. Nor does it accept that it ought to reconsider the claim in line with policy terms, when Mr and Mrs C provide confirmation of the cause of damage.

Mr and Mrs C said that the damage caused to their property, was due to a leak. The origin of which was from an underground pipe, that started from the kitchen and ran under the wall through to the lounge. They supported this evidence with a report from the independent engineer who inspected and detected the leak. As well as an invoice that I've read, from the contractor who carried out an excavation of the floor, replaced the leaking pipe and therefore fixed the leak.

I note that Mr and Mrs C's engineer outlined in full, the best method of the repair of the leak. This was to remove the kitchen units, excavate the kitchen floor, access the leak and either repair or replace the faulty pipe.

I also note that throughout the engineer's report there were extensive photos of the area, photos of the moisture readings that were taken and where they were taken. As well as detailed information regarding what was the cause and the location of the leak, which was assisted by thermal imaging.

QIC relied upon its engineer's reports, which I've also considered. I note that it stated: '*we carried out a visual inspection of all of the visible above ground pipework located within the property.*' From this, I think it means that the visual inspection was restricted solely to the above ground pipework. And given that the leak was ultimately detected to a pipe underground, I think that the inspection was limited.

Other instances of the limited inspection carried out by QIC's engineer, related to the thermal imaging that the engineer conducted. There was no mention in the report of where the thermal imaging was conducted. And no mention of what the three thermal imaging photos produced, related to.

Furthermore, as Mr and Mrs C told QIC that the leak was likely to be located under the floor, I would've expected to have seen some investigations regarding this. And if the floor had been thermal imaged (as extensively as Mr and Mrs C's engineer had done) then I think it would've been more likely than not, that the leak would've been detected and the damage to the area noted. But this wasn't done. .

Despite what I think was a lack of detail in QIC's engineer's report, I'm satisfied that it has now accepted that there was a leak. It seems from the evidence, that the remaining issue in contention is whether damage was caused to the building itself.

QIC said as there was no damage caused to the building, the trace and access part of the claim, wouldn't be covered. But I don't agree, and I'll explain why.

Mr and Mrs C's policy states that cover is for loss or damage caused by an escape of water. I think that the escape of water has resulted in a financial loss to Mr and Mrs C. Not only as they had to instruct an independent engineer to investigate. But they also had to have the floor excavated to find and repair the leak. I can't find any exclusion under this section of the policy that prohibits QIC from considering a financial loss, as a loss. And I think that the general exclusion of consequential loss wouldn't apply here, as the financial loss is a direct result of the escape of water.

So, whilst I accept there was no direct damage caused to the building, there was a financial loss caused to Mr and Mrs C. and according to the policy, this would be covered.

Consequently, I don't think that QIC were fair to decline the claim firstly on the limited information provided to it from its engineer. And second, on the basis of the financial loss that Mr and Mrs C incurred as a result of the escape of water.

QIC said that Mr and Mrs C could have re-routed the pipe and this would've been a less intrusive and cost-effective way to affect the repair. But it hasn't provided an explanation of how this would be achieved given that the pipe that was leaking was underground. Nor has it commented on the conclusion of Mr and Mrs C's engineer's report that excavation and replacement of the pipe would be needed to affect the repair.

Mr and Mrs C instructed an expert to trace the source of the leak and the expert give their opinion as to the best way to repair the leak. As QIC has not provided any expert evidence that is contrary to that of Mr and Mrs C's engineer's opinion, I'm more persuaded by the recommendation of excavating the area and repairing/replacing the pipe, as the most appropriate way to have the leak fixed. So, I don't think it's unreasonable for Mr and Mrs C to have relied upon the recommendation of their expert, in completing the repair of the leak.

Finally, I've considered whether QIC ought to reimburse the £700 that Mr and Mrs C paid for a power flush to be conducted. They said that QIC, advised them that this would need to take place before it sent an engineer to investigate the leak.

Clearly the power flush did not resolve the leak, nor did it resolve the loss of pressure that Mr and Mrs C's heating system was having. QIC hasn't provided any information as to why a power flush was needed, especially as no leak at that stage had been detected by its engineer.

In the absence of any evidence of why a power flush was relevant, I can't see that advising Mr and Mrs C to carry out this, was reasonable. Unless QIC advised them to have a power flush as part of the trace and access. In which case, this would be covered under the policy. Either way, I think that it's fair and reasonable that this cost is reimbursed.

### **Putting things right**

Taking all of the evidence into consideration, I think that QIC was unfair to decline the claim. I think there is clear evidence that there was a leak (which I'm satisfied that QIC now accept). I think that there is persuasive evidence that Mr and Mrs C suffered loss as a result of the escape of water. And as such, to put matters right, I direct QIC as outlined below.

### **My final decision**

For the reasons given, I uphold this complaint.

To put matters right, QIC Europe Limited to:

Reimburse Mr and Mrs C's cost of the power flush £700.

Reimburse Mr and Mrs C's cost of the trace and access £522.60.

Reimburse Mr and Mrs C's total cost of repairing the leak (on production of the invoices) £1,137.

Consider the contents damage with a view to either repair or replace the items affected by the escape of water.

Pay Mr and Mrs C £150 compensation for the trouble and upset caused.

QIC Europe Limited must pay the above amounts within 28 days of the date on which we tell it Mr and Mrs C accept my final decision. If it pays later than this, it must also pay interest on the amounts from the date when Mr and Mrs C made payment to the relevant trades, until the date QIC Europe Limited issues payment, at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr C to

accept or reject my decision before 19 December 2023.

Ayisha Savage  
**Ombudsman**