

## **The complaint**

Mr C complains about Zurich Insurance PLC's handling of his Buildings Insurance Claim.

All references to Zurich also include its agents.

## **What happened**

My decision focusses on events relating to issues raised by Mr C regarding work at his property between August 2019 and March 2020 and his subsequent claim for loss of rent up until August 2020.

Mr C has raised additional issues in a further submission in January 2021. I will not be considering these within this complaint, so any reference will be for contextual purposes only. However, our service may be able to consider this as a separate complaint if Mr C wishes to pursue this.

Below is intended to be a summary of the events that led to this complaint and does not therefore include a full timeline or list every point that has been made.

- In December 2018, a water leak occurred in another property within the same block as Mr C's property which led to it becoming water damaged.
- Mr C's tenant vacated the property in February 2019 and Zurich accepted Mr C's claim.
- Mr C says after drying out work, Zurich appointed contractors in August 2019.
- Mr C says the contractors adhered to no programme or timescales. He also says the quality of the work carried out was very poor, causing further issues, and requiring rectification.
- Mr C says because Zurich and its loss adjusters didn't handle the claim correctly, he had to get involved in putting the repairs to the property right, taking significant personal time where this shouldn't have been necessary.
- Due to the issues and standard of work. Mr C took over completion of works around January 2020. Zurich made payments for the work to be completed by contractors arranged via Mr C's property manager.
- It was also agreed Zurich would continue to cover loss of rental payments up to March 2020, to coincide with the completion of the works.
- Work was completed in March 2020, however this was a week before COVID-19 restrictions, and the National Lockdown.
- Mr C says as a result he did not find a tenant to occupy the property until August 2020 and if the works had been completed in a timely and professional manner by Zurich, the flat would've been let in October 2019.
- Mr C says as the delay was caused by Zurich, it should continue to pay for loss of rental income until August 2020.
- Zurich accepted there had been issues with the handling of Mr C's claim and these had caused delays. It initially offered Mr C £450 compensation.

- However, there were delays with making payments in settlement of the remaining work at the property, so Zurich offered Mr C a further £100 compensation in February 2020.
- Zurich didn't agree it should be required to make further loss of rent payments.
- Mr C was unhappy with Zurich's offer. He said the compensation offered didn't cover the project manager's fees or the time he has spent dealing with the claim.
- Mr C says the project manager was required to manage the works due to Zurich's failure to sufficiently manage the claim. The project manager was employed by Mr C as the letting agent, and he says Zurich obtained the benefit of this local resource.

Our investigator recommended we uphold Mr C's complaint.

In summary, he said he was persuaded by Mr C's comments that if Zurich completed the repairs correctly from August 2019, Mr C would've been able to acquire a new tenant sooner than he did. He felt Zurich should cover further loss of rent and council tax payments up until when the property was let in August 2020.

Our investigator also said as Mr C had to ask his property manager to project manage rectification works, it was reasonable Zurich met the costs Mr C had incurred for this.

In addition, considering the impact he felt matters had on Mr C, our Investigator also thought the compensation offered by Zurich didn't go far enough.

To put things right he recommended Zurich:

- Pay all invoices and fees for the project management of the claim.
- Pay for the loss of rental income and council tax payments between 1 April 2020 and 1 August 2020, totalling £2,795.28.
- Pay interest at a rate of 8% simple per year on the figure of £2,795.28, calculated from the dates each payment should've been made to the date of this complaint settlement.
- Pay further compensation of £250, for the trouble and upset Mr C has experienced, in addition to all other previous awards made by Zurich.

Zurich didn't agree with our investigator and requested the case be put to an ombudsman to decide.

#### *Further developments*

In February 2022, I wrote to both Mr C and Zurich with some initial thoughts as I was thinking of reaching a different outcome to our investigator.

I said:

*"I've considered the relevant information about Mr C's complaint. Based on what I've seen so far, I'm thinking of coming to a different outcome to our investigator. So before I issue my final decision, I wanted to give everyone a chance to reply. I'll look at any more comments or evidence that I get by 16 February 2022. But unless the information changes my mind, my final decision is likely to be along the following lines.*

- *I appreciate Mr C's comments that his agent arranged for flooring to be installed following other works being completed, to avoid it becoming damaged by visiting tradesman.*
- *But Mr C had chosen to take over responsibility for arranging works, via his agent, so*

*the completion of works became Mr C's responsibility. And so it was for him to mitigate any losses.*

- I can see there was initially a dispute to whether the flooring would be covered. Zurich said Mr C was unable to provide them with evidence of what flooring was present previously. But it ultimately agreed to cover this cost for the kitchen and bathroom as it reasoned it was more likely than not vinyl flooring had been in place in these rooms.*

*I think this is reasonable in the circumstances. But I don't agree this would've prevented Mr C from continuing with work at the property*

- Following this Zurich did delay making a payment - which included the agreed payment for the floor. But I've not seen anything that persuades me this meant Mr C couldn't continue with work to the property*
- Zurich paid Mr C for loss of rent up until March 2020. While its unfortunate Covid and the national lockdown hit when it did, ultimately as Zurich wasn't controlling the timescale of the works, I don't think it needs to pay any further loss of rent*
- I've considered Zurich's comments regarding compensation, however considering the issues regarding the quality of works and the progression of the claim which led to Mr C's decision to take over arranging completion of works, I'm intending to direct Zurich to pay Mr C a further £250 compensation. I think this, along with the compensation already offered by Zurich, fairly recognises the inconvenience he has been caused*
- Mr C's agent took over management of the claim due to the progress of the claim and the issues with the work carried out earlier in the claim. Considering this I also think it's reasonable Zurich cover the costs incurred by Mr C for his agent to manage the works*

*So in summary I'm intending to direct Zurich to:*

- Pay all invoices and fees for the project management of the claim by Mr C's agent*
- Pay further compensation of £250 to Mr C in addition to all other previous awards it has made*

#### *Responses to my provisional findings*

Zurich responded to say it disagreed with some of my initial thoughts. It didn't agree it should have to pay for Mr C's property manager's fees as it was Mr C's personal choice to ask them to manage the remaining works. Zurich also pointed to a previous decision, with a different insurer, made by another ombudsman, in a case it felt involved similar facts.

Zurich also said it felt the compensation already paid or offered to Mr C was fair – and didn't agree further compensation should be required.

Mr C didn't agree with my initial thoughts and provided a detailed response in which he reiterated several of his original points. Mr C emphasised the consequential impact he believed Zurich's actions, and the issues with the work carried out, had on acquiring a tenant before the National Lockdown in March 2020.

## **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 understand Mr C has strong views about what has happened, and he has provided several detailed submissions to support his complaint. I want to assure him I have considered these very carefully.

However, my role as an ombudsman is to decide how a complaint should be resolved, quickly and informally. That means my decision will focus on what I consider the crux of the issue to be. I don't intend to comment on everything Mr C has said or asked, unless I consider it relevant to the decision I need to make. But I can confirm I have thoroughly read and considered all the evidence presented by both parties

Having done so, I see no reason to depart from my intended findings for these reasons:

### *Quality of work and delays in progress*

- Zurich haven't disputed there have been issues with the quality of work carried out by its contractors and have accepted this caused delays.
- Zurich offered compensation to Mr C, and also paid him loss of rent during this time, continuing to do so until March 2020 when works were finished.
- But having considered the circumstances, I still don't think this goes far enough.
- I can see from the detailed timeline provided by Mr C he was given dates regarding different aspects of work being completed or actioned– and that these dates weren't met. I can also see Mr C details he spent significant time speaking to Zurich regarding the progress of works - and several issues with the work had to be raised with it that later required correcting.
- There were also delays in making promised payments for remaining work to Mr C, which again Mr C needed to take time to contact Zurich to chase. I can see Zurich acknowledged this when it offered further compensation to Mr C around February 2020.
- Considering all the above I remain of the mind Zurich should pay Mr C a further £250 compensation. I think this, along with the compensation already offered by Zurich in the time considered in this complaint, fairly recognises the inconvenience Mr C has been caused.

### *Further loss of rent*

- By around January 2020, Mr C, via his Property Manager, was managing the completion of remaining work. So, I won't be holding Zurich responsible for time taken after this for any remaining completion.
- While I acknowledge Mr C's frustration, and the issues that led to him taking over the remaining work, he ultimately would have responsibility to make sure works were completed and to mitigate losses by finding a new tenant.
- From the information I've seen, such as communication regarding payments required by Zurich for the work in February 2020, I'm not persuaded the property couldn't be marketed due to the outstanding issues relating to the claim with Zurich at the property at the time.
- While Mr C has raised the remaining issues could have harmed his opportunity to achieve the maximum rental income, this isn't what happened. The property wasn't advertised for rent until March 2020 and while its unfortunate Covid and

the national lockdown hit when it did, Zurich wasn't controlling the timescale of the works. So I'm not persuaded arrangements couldn't be made to procure a prospective tenant sooner, and therefore I don't think Zurich need to pay further loss of rent.

#### *Involvement of property manager and costs*

- I understand Mr C's comments about the time this matter has taken to sort out, however our service does not award compensation for having to complain or would we look to do this at a daily occupational rate.
- This is one of life's inconveniences, and in any event, the matter of complaint handling itself isn't something that falls within the remit of this service. I do appreciate however this has added to the frustration Mr C has felt
- As a result of the rectification issues Mr C, via his property manager, took over works and I can see they have had an active involvement throughout the claim. While Zurich feel it was Mr C's choice to involve his property manager, I don't agree he should have had to involve the property manager as much as he did. And I think this only did happen due to lack of communication, concerns with the work carried out and the subsequent rectification works that were required.
- Zurich have pointed to a previous decision made by an ombudsman in a case it feels involves similar facts. However, from reviewing the decision referenced, this refers to a consumer asking for reimbursement of personal costs under a specific section of a policy for managing a claim. And as Zurich have rightly pointed out there is not a specific cover of this type in Mr C's policy. So I'm not persuaded the circumstances here are similar.
- Zurich will also be aware, we aren't bound by our previous decisions and we consider each case on its own individual facts, taking into account what we think is fair and reasonable in the circumstances.
- Having done so, for the reasons I've already set out I think Mr C's costs for the property manager's involvement in rectification works should be covered

#### **Putting things right**

To put things right, I direct Zurich to:

- Pay all invoices and fees for the project management of the claim by Mr C's agent
- Pay further compensation of £250 to Mr C in addition to all other previous awards it has made

#### **My final decision**

My final decision is that I uphold Mr C's complaint.

I direct Zurich Insurance PLC to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 March 2022.

Michael Baronti  
**Ombudsman**