

The complaint

Mr O complains about the way Zurich Insurance Plc handled a claim he made under his home insurance policy following a fire that damaged his home.

Mr O is the sole policy holder and is represented in this complaint by his wife. His sister in law also corresponded with Zurich. But, for ease, I'll refer to Mr O throughout.

Reference to Zurich includes agents acting on its behalf.

What happened

Mr O had a home insurance policy, underwritten by Zurich, that covered him for loss or damage caused by fire. In November 2021 there was a fire in Mr O's home that caused damage to the property. He contacted Zurich on the same day and made a claim under his home insurance policy. Zurich appointed a loss adjuster to manage the claim. Mr O and his family needed alternative accommodation while their home was being repaired. Mr O also asked for an emergency payment to buy clothes and toiletries. The family eventually moved into a friend's rental property in January 2022. In between times, they stayed with their relatives even though it wasn't suitable for the size of their family and pets. At one point, they moved into a property they'd found online but they didn't stay there as it didn't have a fire alarm and was in a poor state of repair.

Mr O complained to Zurich about a number of issues. He wasn't happy with the delay in providing the emergency payment, and later a disturbance allowance. And he felt as though Zurich should have given them more help to find alternative accommodation. He also said it felt like a battle every time they dealt with the loss adjuster. He thought this was unnecessary and could have been avoided. He gave examples of the loss adjuster pushing back on the cost of a new mattress and the cost of work that needed doing on the bathroom. He also said they'd had difficulties getting a contractor to clean laundry, bedding and other items that smelled of smoke.

Zurich accepted Mr O shouldn't have received items back that smelled of smoke. It offered him £100 for any upset that had caused. Zurich said it appreciated the circumstances of his claim would have caused a great deal of stress. But it said it could only compensate for its failings, not the claim itself. And it didn't think any further compensation was warranted. Mr O wasn't happy with Zurich's reply. He didn't think it had addressed all of the issues they had raised, including the poor service, lack of support and the impact this had on him and his family.

Our investigator said she hadn't seen any unreasonable or unavoidable delays in the handling of Mr O's claim. She thought it was reasonable for the loss adjuster to question some of the costs, as it was her role to validate and quantify the costs. She thought the offer of £100 for returning some items smelling of smoke was fair and reasonable. She didn't think Zurich needed to do anything more.

Mr O didn't agree with the investigator's view, so the complaint has been passed to me to make 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.

I won't set out every detail mentioned in Mr O's complaint but I have read through all of the information we have on file and will focus instead on the key points he's raised.

Unfortunately for Mr O, I think he was always likely to suffer a degree of stress and inconvenience with a claim of this nature. The event itself would have been stressful enough without then having to make a claim and go through the process of finding alternative accommodation and getting his property repaired. So, there was always likely to have been a lot of disruption. My role here is to look carefully at Zurich's handling of Mr O's insurance claim to see if it's treated him fairly through this difficult period.

Delay in providing an emergency payment

I can see that Mr O asked for an emergency payment of £1,000 the day after the fire. The loss adjuster said she'd ask for a payment but reminded him that Zurich hadn't accepted liability at that time. She later explained that payments can take up to five days to be processed. Mr O says he received the payment the following week, about five working days after he requested it. I can understand his frustration about the time it took to receive this payment, particularly as they were busy trying to source alternative accommodation at the same time. Unfortunately, payments can take time to process and I haven't seen any evidence of an avoidable delay by Zurich. So, I think it would be unfair to say Zurich were at fault for the delay in providing this payment.

Alternative accommodation

Mr O thought the loss adjuster could have done more to help them find alternative accommodation. He said she always seemed to be pushing back, making it more difficult than it should have been. I've read through the claim notes and I can see there was a lot of communication in the first few weeks about alternative accommodation. The loss adjuster's role was to find accommodation for Mr O and his family that was of a similar size and standard to the family home. But she also had a responsibility to make sure the amount Zurich paid out was justified and in line with Mr O's insurance policy. So, I think it was fair for her to ask the questions she did.

I can see that it proved difficult to find somewhere suitable for Mr O and his family to stay. That was partly due to an active rental market and partly due to landlords not wanting to rent properties for less than 12 months. In this situation, I would expect the loss adjuster to work with Mr O to find a reasonable solution or compromise. And I think she did that. She sourced an estate agent to help with the search. And although Mr O said the agent only contacted him once, I can see that the loss adjuster spoke to them directly as well. She then agreed to increase the rent and said she'd consider 12-month rentals. She was also quick to agree the online rental as a stop gap before the family moved into the friend's rental property in January 2022. While it's unfortunate the online rental wasn't suitable, I don't think that was due to any fault on the part of the loss adjuster.

Delay in providing funds

Mr O was also unhappy with the delay in providing other funds, including a disturbance allowance and a payment to secure the online rental. He made a complaint about this in mid-November. But, again, I think it would be unfair to hold Zurich responsible for this. I can see that the loss adjuster responded quickly when she spoke to Mr O about the problems

they were facing. She initially authorised a disturbance payment for the days Mr O was staying with his relatives and increased that when she found out the online rental hadn't been suitable and the family had returned to his relatives' house. She also authorised a payment for the online rental on the same day she was told about it. It's not clear when these payments were received by Mr O and I can understand his frustration if there was a delay in getting the funds that had been agreed. But, as I've said, payments can take time to process and I haven't seen any evidence of any avoidable delays by Zurich.

Damage to the bathroom/mattress

When Zurich first inspected the damage at Mr O's property, he said he asked about potential damage above the ceiling in the kitchen where the fire started. He said their builder even offered to take down the ceiling to check for damage. But this was declined. So, when damage was subsequently found in the bathroom above the kitchen, Mr O was unhappy that the loss adjuster then questioned why it hadn't been picked up earlier and whether Zurich should pay for it.

I can see that when this was raised with the loss adjuster, she explained why they would never do a destructive inspection of a property. That is, they wouldn't normally remove ceilings or bath panels on their first inspection. She also said it was her understanding that the damage upstairs was only light soot damage, and there was no evidence of damage to the tiles in the bathroom. So, I can understand why the loss adjuster asked the questions she did. This again comes back to the role of the loss adjuster to ensure the costs incurred by Zurich were reasonable and in line with the terms of Mr O's policy. The loss adjuster subsequently agreed to the costs of repairing the bathroom.

Mr O says the loss adjuster also questioned the cost of a new mattress. But, again, I don't think that was unreasonable in the circumstances. The loss adjuster agreed to pay about £750 for a new mattress and while that was lower than Mr O wanted, I can see that she also offered a further £179 for a mattress topper. As it was, Mr O was happy for Zurich to pay the £80 they'd originally paid for their mattress topper.

Items smelling of smoke

Zurich has agreed it shouldn't have returned items to Mr O that were still smelling of smoke. It apologised for the upset that caused and offered to give him £100 in recognition of that. And, in the circumstances, I think that amount was fair and reasonable.

I'm very sorry to hear about the difficulties Mr O and his family have experienced. They've had a lot to deal with since the fire in their property and I can understand how stressful that must have been. Insurers can make a bad situation worse if they don't handle a claim reasonably and sensitively. But having carefully considered what's happened here, I don't think Zurich has treated Mr O unfairly in the circumstances. So, I don't think it needs to do anything more.

My final decision

Zurich Insurance Plc has already made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Zurich Insurance Plc should pay £100 to Mr O.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 10 November 2022.

Richard Walker
Ombudsman