

The complaint

Mr D has complained about his property insurer Zurich Insurance PLC regarding outstanding repairs at his property, which resulted from a claim made in November 2020.

What happened

Following damage being found in November 2020, Mr D made a claim to Zurich. At that time the property had been tenanted but Mr D had intended to move back in, following that tenancy ending and then let out one room. The claim did not progress as Mr D expected and resulted in a complaint being made to this service. My Ombudsman colleague issued a decision in 2021 which looked at what had happened during the claim up to May 2021.

The claim was ongoing and on 30 July 2021 Zurich issued a further final response to Mr D addressing concerns he'd raised about the claims continued lack of progress. Zurich set out a plan for Mr D to assure him the claim would now progress and to share with him how it expected that would happen. But work did not begin at the property and in August and December 2021 Zurich issued final responses to Mr D which denied delays had occurred. By February 2022, with work still not having progressed, Mr D was more frustrated. He was also worried about the income he felt he was losing. On 1 March 2022 Zurich wrote a further final response to Mr D. It acknowledged a recent delay in obtaining a report from its loss adjuster and offered £150 compensation.

By this point Mr D had already raised a further complaint with us – within the six-month period following the 30 July 2021 final response letter. Having received the March letter, he asked us to review everything between those two final responses dated 30 July 2021 and 1 March 2022. Our Investigator proceeded on that basis.

Our Investigator noted that this had been a complex claim. She felt that given some of the challenges – such as a need for asbestos tests – there had not been any avoidable delays between July 2021 and the end of December 2021. But she thought the claim should have progressed between January 2022 and 1 March 2022. Although she also felt that the £150 compensation already offered by Zurich fairly and reasonably made up for that. So she did not recommend that it do anything more.

Mr D objected. He said the last two years had been unbelievably stressful, impacting his family life and even how he lives. He said that as he has kept expecting works to start and be done, he hasn't felt able to unpack properly, so he's been living out of boxes. Mr D also said he was upset because he hadn't been able to let one of his rooms out, so he had lost that extra income. His complaint was passed to me for an Ombudsman's consideration.

I felt that Zurich had caused delays during the whole period of 30 July 2021 to 1 March 2022. And also, given that Zurich's final response of 30 July 2021 had promised Mr D progress, that he had been understandably upset and frustrated when, by 1 March 2022, little had been achieved. I said Zurich should pay £500 compensation. But I wasn't persuaded it should have to pay Mr D for lost rent. My full findings were:

"It is fair to say that some claims, often where there are freeholders involved and where multiple contractors are needed, as was the case here, do take time to progress. But that is not to say that a claim encompassing these type of factors will always just take time or that it isn't possible for avoidable delays to also occur along the way, resulting in the claim's further stagnation. So I've looked in detail at what went on here with a view to concluding what should have happened. I've taken most of my references from Zurich's and its loss adjuster's timelines – as it has provided little else, despite my specific request to see its key documents, such as reports and emails. Having looked carefully at what happened, as set out in the timelines, I think this claim could have been handled better and quicker by Zurich.

My review begins in July 2021 – with Zurich issuing its final response dated 30 July 2021. But for context only here, I mention that it was as early as mid-July that Zurich noted asbestos testing and removal at the property needed expediting – that this was already delayed. So my review period starts knowing that this issue was already causing an avoidable delay. Whilst other works weren't formally agreed etc at this stage, even if they had been the first stage of the reinstatement process was for asbestos to be found and removed.

Around the end of July 2021, Zurich was also having issue with determining what needed to be done with the heating. There was an old system at the property, it wasn't clear if this could be repaired, or, if it couldn't, if it could be replaced like-for-like. In early September Zurich determined the old one would have to be removed, and a different type of system put in place. And around that time Zurich also accepted that this and the asbestos removal could and should go ahead whilst other debates on the reinstatement work continued.

The asbestos was reported as removed in early November. But as of the end of November the heating system had still not been removed. And there is no sign on the timeline documents that it was removed, let alone reinstated, by the time Zurich issued its further final response on 1 March 2022. I can see absolutely no good reason for that.

I further note that whilst, at one time, there had been a request from Mr D to move the kitchen into the lounge, he had revoked that request in late November 2021. And regardless of the location of the kitchen, by mid-December 2021 he was still waiting for material choices to be sent to him by Zurich's contractor. Like the rest of the reinstatement work, it seems that this element did not progress any further between January 2022 and 1 March 2022.

So I do think things could have been managed better during this period. And if they had been that the claim would have progressed. I can't be sure it would have completed but I think it would have moved on and Mr D would likely have been less frustrated than he was. I bear in mind that Mr D has been living with uncertainty about the claim over a number of months (the months that I can consider here) and I think that worry would have lessened had he seen some significant progress in the reinstatement of his home. Not least as progress was what Zurich had promised him in its July 2021 final response letter. It assured him there was a plan for things moving forwards and yet around seven months after that, when Zurich issued its further final response on 1 March 2022, other than the removal of asbestos, little had been achieved. I quite understand why Mr D has been so upset. I think, in the circumstances here, £500 compensation is fairly and reasonably due to Mr D.

I know Mr D has reported having lost out on rental income due to Zurich's delays. But as I said above, I can't be sure that, but for the delays I've noted here, the claim would have progressed to completion before 1 March 2022. And, in any event, whilst I know Mr D says he intended to let one room in his flat, he had not done this before. Previously the flat was let in its entirety, with Mr D living elsewhere. So with no history of one room being let, Mr D's intent to do that, but for the damage present in 2021/2022, amounts to no more than a desired outcome. With regret for the disappointment I know this will cause Mr D, I can't be

certain that he most likely would have been able to let a room and earn income. Therefore, and its delays notwithstanding, I can't reasonably require Zurich to compensate him for the income he believes he has 'lost'."

Zurich said it accepted my findings.

Mr D said:

- This is not complex.
- The claim was not about a water leak (as I'd referenced in the background of my provisional decision).
- He isn't responsible for any delays – he did what he could regarding asbestos and moving the reinstatement work on.
- There was only one contractor.
- There are failures by Zurich's contractor which he is now having to deal with.
- He always rented out a room in the flat.

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 note Zurich's acceptance.

I agree with Mr D, this is not a complex claim. And I note his concern about my reference to this claim having stemmed from a water leak, as I'd mentioned in the background to my provisional decision. I've amended that detail here. But the type of claim doesn't materially affect my findings.

I'm not sure why Mr D has emphasized in his reply to my findings that he did not cause delays, that he, in fact, did what he could to move things on. My provisional findings did not criticise Mr D at all. Rather my finding was that Zurich hadn't managed the claim as it should have done and that it had caused delays.

As is often the case with reinstatement work – not everything can be done by one contractor. There is often a company that organises all the trades, and that is sometimes the only 'contractor' seen by the policyholder. But here, for example, asbestos needed removing. That had to be done by a specialist contractor, it wasn't done by the general builder involved in the other reinstatement work.

I'm sorry to hear that Mr D has experienced issues with the reinstatement work. I trust Zurich will work with him to resolve any concerns. But my review only goes up to 1 March 2022, and at that time, as reflected by the criticisms I made in my provisional decision, the reinstatement of Mr D's home had not progressed to any substantial degree. So I can't look here at Mr D's concerns about the work that has since been done at his home.

I don't know if, at sometime prior to the last tenancy, Mr D lived in his flat and let out a room. I've not seen any evidence from Mr D to show that this was ever the case. And it was not the arrangement in place at the time of the claim – at that time the whole house had been let to a tenant with Mr D living elsewhere. I'm still not persuaded it would be fair, in the circumstances, to say Zurich should compensate Mr D for the rent he believes he has lost by not being able to let out a room in his home whilst he lives there.

Putting things right

I require Zurich to pay Mr D £500 compensation to make up for the distress and inconvenience it caused him by delaying the claim between 30 July 2021 and 1 March 2022.

My final decision

I uphold this complaint. I require Zurich Insurance PLC to provide the redress set out above at “Putting things right”.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 6 January 2023.

Fiona Robinson
Ombudsman