

The complaint

Ms S complains about Zurich Insurance PLC's handling of her buildings insurance claim.

All references to Zurich also include its appointed agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my decision.

My final decision considers the complaint points answered in Zurich's final response letters of September and October 2022.

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 uphold this complaint for these reasons:

- Having reviewed the policy, I can see it is in the name of a limited company and 'the lessees of'. Ms S raised that our service hasn't examined her lease. However, what is relevant here, is whether Ms S is a policy holder. She herself has referenced being a leaseholder. And therefore, as the policy is in the name of 'the lesees of', I'm satisfied Ms S is a policyholder.
- Paying an excess is a common condition of claiming under most policies. And it's not unusual for the amount to be deducted from any payment an Insurer makes to a consumer. The policy defines an excess as:

"The amount for which you are responsible and which will be deducted from any payment under this Policy after the application of all the other terms and conditions of the Policy."

- 'You' is also defined under the policy as the person shown as the insured. And as I've set out above, I'm satisfied Ms S is a leaseholder and therefore is a policyholder. So, I don't think Zurich have acted unreasonably in deducting the excess as it has. I understand Ms S feels this cost should be the responsibility of the freeholder, but this would be a matter for her to take up with them separately and it is not something our service will comment on.
- Zurich confirmed to Ms S it would cover work to remove and refit the toilet under the trace and access section of the policy but didn't accept the cost of sanitaryware. This claim falls within the escape of water section of the policy, and I can't see the sanitaryware is subject to this, or that it is covered elsewhere under the policy. So, I don't think Zurich have acted unfairly in not accepting the sanitaryware as part of the claim.

- I can see Zurich's loss adjuster was provided with correspondence from Ms S, which included invoices for the works covered under the claim, in April 2022.
- Zurich weren't obliged to provide interim payments under the terms of the policy. And as other works were being carried out, that weren't covered under the claim, it's not unreasonable Zurich needed to see invoices before validating the payments.
- However, when the invoices were provided, Zurich should have ensured the settlement was processed promptly. This didn't happen, and it wasn't processed until around October 2022. As a result, Ms S was deprived of the money during this time. So, I can fully appreciate her frustration.
- Because of this, I think it's reasonable Zurich pay simple interest of 8% on the amount it is settling for in the claim. This should be from the date the invoices were provided to Zurich in April 2022 to the date it makes payment. Zurich says the interest was calculated as £650 and was reflected in its correspondence to Ms S in October 2022.
- I appreciate Ms S feels the interest should be paid from the date of the invoices, not the date they were provided. However, as I've set out above, I'm not persuaded it was unfair for Zurich to see an invoice before validating the claim, so I think it's reasonable it should pay interest from the date the invoices were provided to it.
- I do think there have been examples of poor communication from Zurich and the service it provided could've been better. There was an ongoing issue regarding the number of excesses due to be charged on the claim. Though this was later resolved, and treated as one claim and excess, the concern of additional costs of multiple excesses (which in this case were around £5,000 each) would have understandably caused Ms S concern.
- I can also see Zurich was aware Ms S made payments for the invoices in February 2022. Zurich could have been proactive in requesting the invoices from Ms S but it didn't. And when the invoices were submitted it caused avoidable delays in making the payment. So, I think it should compensate Ms S for the poor claim handling.
- Zurich offered a total of £300 compensation in recognition of the distress and inconvenience its actions have caused.
- Ms S was deprived of the funds she'd paid for the repairs for around 6 months and has spoken of the impact of being without the money. She was also funding other repairs at the property, not covered under the policy, which Zurich were aware of.
- So, I think being without these funds over several months added avoidable stress and worry to an already inconvenient situation.
- Considering everything I've set out above. I think Zurich should pay Ms S a total of £400 compensation. This is in region of what I would recommend in circumstances and appropriately represents the significant inconvenience Ms S has been caused by Zurich's actions.

Putting things right

- If it hasn't done so already, Zurich must pay simple interest of 8% on the amounts shown on the relevant invoices, covered under the claim. This should be from the date the invoices were provided to Zurich in April 2022 to the date it makes payment to Ms S.
- Zurich should pay Ms S a total of £400 compensation for the distress and inconvenience its actions have caused.

My final decision

My final decision is that I uphold Ms S's complaint.

To put things right, 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 Ms S to accept or reject my decision before 1 September 2023.

Michael Baronti
Ombudsman