

The complaint

Mr M and Miss H are unhappy that it took Zurich Insurance PLC three months to pay them what it had already agreed they were owed.

Mr M and Miss H had buildings insurance underwritten by Zurich. The policy was in joint names but, for ease of reading, I'll refer only to Mr M throughout my decision.

What happened

First complaint

Mr M claimed under his policy for damage caused by a leak. Zurich settled the claim, but it took seven months. Mr M thought that was too long for a straightforward claim, so he raised a complaint. At the same time, he asked whether he should've received disturbance allowance (DA) for the time he was without water, and a refund of the invoices he'd paid.

Zurich looked into Mr M's complaint and sent its final response. Zurich agreed it hadn't handled the claim as well as it could've done and awarded £350 compensation. It also confirmed Mr M should've been offered DA (£525) and a refund of his invoice payments (£308).

Mr M was satisfied that this resolved his complaint.

Second complaint

Mr M didn't receive the DA or invoice payment, totalling £833. He chased up with Zurich, but he didn't hear back from it on most occasions. So, Mr M raised his second complaint to Zurich about the following:

- Waiting three months to receive the DA without being given any reason.
- Zurich ignored much of his communication and didn't give reasons.
- Mr M needed to chase progress on his complaint due to Zurich's inaction.
- Needing to raise a second complaint to get what was agreed in his first complaint.
- The stress and anxiety this matter caused Mr M and his family.

Zurich looked into Mr M's complaint and issued its final response letter. While Zurich agreed it hadn't made the payment to Mr M as promptly as it should've done, it regarded the delay as just five weeks. Zurich offered £75 compensation which Mr M declined.

Unhappy with its response, Mr M brought his complaint to us.

Our investigator initially upheld the complaint. She thought compensation of £250 plus 8% simple interest per annum on the delayed DA was reasonable given the overall delay.

Zurich disagreed. It clarified that the first complaint was resolved, and it had already paid £350 compensation. So, our investigator reconsidered the evidence. She decided not to uphold Mr M's complaint because Zurich had done enough to resolve the second complaint.

At this point, Mr M disagreed. He didn't think £75 was sufficient compensation. He asked for an apology, increased compensation, and an explanation for Zurich's failure to pay the agreed DA and invoices.

I issued a provisional decision in September 2023 explaining that I was intending to uphold Mr M's complaint. Here's what I said:

provisional findings

To be clear, in reaching my provisional decision I haven't taken into consideration the first complaint. That's because Mr M confirmed Zurich resolved it to his satisfaction. I've referred to it for background and to put the second complaint into context.

The main issue of complaint is Zurich's delay making payment to Mr M.

If Zurich had paid the DA and refunded the invoice payment as agreed in its 6 February letter to Mr M, promptly, the matter would've been settled. Instead, he had to chase up payment on a number of occasions, often without response from Zurich. Zurich eventually paid the amount due to Mr M towards the end of March.

Looking at the evidence, I note that there was some question with Zurich and its agents about whether a second excess payment was due. Mr M didn't dispute this. However, he was aware of the query in early January, when the loss adjuster said they would look into it. And Zurich said in its February letter that it would pay the amount due to Mr M once it confirmed whether the second excess was due.

Two weeks later, Mr M chased contact again having heard nothing back from Zurich. At the end of February, Zurich confirmed the second excess was due and what the final payment would be. Zurich made payment three weeks later.

Turning to Zurich's final response letter, it acknowledged the delay and offered £75 compensation. The dates referred to imply that Zurich only acknowledged delay of five weeks. There's no mention of the poor communication, noted in the evidence provided, which caused Mr M to chase up responses to his contact and payment due. I note Zurich did apologise for its service failure.

The evidence tells me that Mr M waited from early January to the end of March for Zurich to confirm whether the second excess was due and make payment. Taking into account the fact that Zurich had already agreed it owed Mr M for the DA and invoice in December, I see no reason why it didn't make payment promptly and simply withhold the excess until a decision was made. Instead, it withheld the full amount for three months. I think that's an unacceptable length of time to wait for a payment which Zurich had already agreed should've been paid almost a year earlier.

Mr M said he wasn't given any reason for the delayed payment or failure to respond to him. I've noted in the email trail between Zurich and its agents that staff leaving contributed to the delay. I haven't seen anything to show that it explained that to Mr M. However, I don't think it really matters here. That's because Zurich should've made sure Mr M's claim was handled properly regardless of its staffing issues. So, I see no reason to ask Zurich to give reasons for the delay or try to explain why it didn't respond to communication when it should've done. I don't think it would serve any useful purpose to either party.

Putting things right

Again, to be clear, I'm only referring to the matters which took place in direct relation to the

second complaint.

In summary, the evidence shows:

- *Zurich caused avoidable delays of around three months in making payment to Mr M for the DA and in reimbursing him the invoice costs.*
- *Zurich failed to respond to Mr M on a number of occasions when he tried to chase up payment.*
- *Mr M said he and his family suffered stress and anxiety. While I accept that it would've been inconvenient to repeatedly chase updates from Zurich, I must bear in mind that the claim itself had been dealt with. So, the inconvenience appears to be limited to Mr M's contact with Zurich for the payment due.*
- *Zurich offered £75 compensation for what appears to be five weeks delay only.*

Zurich has already put matters right by making payment to Mr M. However, I think Zurich should increase the compensation from £75 to £150. This is intended to address the lost opportunity to Mr M to use the payment due to him, the avoidable delays, the frustration caused and the shortfalls in Zurich's service to him in respect of the communication. I think this compensation is fair and reasonable under the circumstances.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Mr M accepted my provisional decision.

Zurich didn't provide any further comment.

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.

As Zurich didn't provide any comment in response to my provisional decision, for completeness I looked again at all the evidence provided.

Having done so, I've decided to uphold Mr M and Miss H's complaint.

I'm satisfied that the evidence shows Zurich didn't handle Mr M's communications as it should've done, and it failed to pay the amount it had already confirmed was due to him. I haven't seen anything to suggest that there was a reasonable explanation for the delay.

Mr M explained about the inconvenience of having to chase payment, yet not receive a response. I can understand that it would've been frustrating, especially as there was no dispute that Zurich owed the payment.

In light of the evidence, I'm satisfied that my provisional decision was fair and reasonable. Therefore, it becomes my final decision and for the same reasons.

My final decision

For the reasons I've explained above, and in my provisional decision, I uphold Mr M's and Miss H's complaint and Zurich Insurance PLC must:

- pay Mr M and Miss H £150 compensation by way of apology for the avoidable delay making payment; the failure to respond to communication and the frustration that

caused, and for their lost opportunity to use the payment due to them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H and Mr M to accept or reject my decision before 24 October 2023.

Debra Vaughan
Ombudsman