

## **The complaint**

Mr K is unhappy with the way Zurich Insurance PLC (Zurich) have handled a claim under his home insurance policy, following an escape of water.

Zurich are the underwriters (insurers) of this policy. Part of this complaint concerns the actions of their appointed agents. As Zurich have accepted they are accountable for the actions of their agents, in my decision, any reference to Zurich should be interpreted as also covering the actions of their appointed agents.

## **What happened**

Mr K says that after noticing a “musky smell” in his property, he made a claim under his home insurance policy in June 2021. Zurich say the claim was initially declined in September 2021 and provided Mr K with a letter outlining their reasons.

Included in this was that there was no evidence to the surveyor who inspected, that there was an escape of water. Zurich also pointed out that the bathroom suite had been entirely removed and there was a lack of photographic evidence from beforehand.

In August 2022, Mr K says he contacted Zurich again with an independent inspection report and following this Zurich agreed to appoint a loss adjuster. They visited Mr K’s property in September 2022 but again didn’t agree the claim should be upheld. However, Zurich did agree to a further inspection from a surveyor, who attended in December 2022.

Following this, a settlement offer of £5,000 was made to Mr K. He rejected the offer but Zurich highlighted that the surveyor had said that due mainly to the time that had passed and the condition of the property, it wasn’t possible for a full and accurate scope of repairs relating to the insured peril, the escape of water.

Mr K remained unhappy and brought his complaint to our service for an independent review. He said, amongst several complaint points, that Zurich are responsible for trace and access costs, legal fees, surveyor costs, alternative accommodation costs and should compensate him for the considerable distress and inconvenience caused.

An investigator looked into it. They said Zurich weren’t responsible for legal fees or Mr K’s surveyor costs. They felt the £5,000 settlement offer was fair and included what would have been the cost for any trace and access. They also felt the £150 offer for any distress caused by delays and communication issued was fair. They noted a new offer of a further £2,310 to compensate Mr K for alternative accommodation costs as Mr K says the property has been uninhabitable since 2021. The investigator felt this further amount was fair too.

Mr K remained unhappy. In particular, he didn’t feel that the settlement offer acknowledged that the evidence suggested the escape of water had spread further. As no agreement was reached, the case has passed to me for a 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.

Many points have been made in relation to this complaint – I haven't addressed each one individually. Instead, I've focused on what I consider to be the pertinent points. That isn't meant as a discourtesy, it simply reflects the informal nature of our Service. I've set out the key issues I think are important here. And I've answered them below in turn.

#### Claim (including trace and access costs)

After initially repudiating the claim in 2021, Zurich have made an offer in settlement of £5,000, following further information Mr K has brought since August 2022. Whilst Zurich have provided a breakdown of costs for this offer, Mr K's own scope of works value the claim at over £13,000.

Zurich's breakdown includes costs for removing floor coverings, cutting out softwood floorboards, removing skirting boards, removing plasterboard, removing sole plate, treating exposed joists with anti-fungal solution, treating brick and block wall with anti-fungal solution, reinstating and redecorating. This is for the part of the property next to the party wall of the adjacent property and their cold-water mains tap, the source of the escape of water.

I am not satisfied that Mr K has shown that further parts of the property have been impacted from the escape of water peril and that the offer should be extended. I am more persuaded that the offer made is a fair and reasonable one, in light of the difficulty as the property was stripped out prior to claim.

I appreciate that Mr K provided substantial reasoning as to why he felt the offer wasn't enough, further to the reports he provided. However, having considered them and the response from Zurich, I am more persuaded by Zurich's response. This is essentially that the offer covers costs relating to the solely to the escape of water peril and had it been dealt with at the time of discovery, rather than delayed for various reasons including the strip out. I am also satisfied based on the evidence, that whilst further joists were discoloured, they don't show to be rotten or damp and are rightly excluded from the claim.

Mr K has also queried why he hasn't been provided with the policy limit of £5,000 for tracing the leak. However, Zurich have shown that the settlement offer includes the costs for the trace and access work and I am satisfied it has been offered fairly and in line with the policy terms and conditions.

#### Legal fees and Mr K's surveyor costs

Mr K was initially querying whether Zurich should cover any legal fees he incurred, under the policy. The investigator stated in the view that legal cover isn't provided and Mr K has responded to say he accepts that and is not making any claim for legal fees.

Mr K incurred surveyor costs following the claim repudiation in 2021. I can see that Zurich have already agreed to refund these and so I won't be considering them further.

#### Alternative accommodation costs

Following the case being brought to this service, Zurich have subsequently made an offer to compensate Mr K for alternative accommodation costs. This offer amounts to £2,310 and is calculated at £110 per night for 21 days. This is the amount of time that Zurich have said the works at the property would have taken and so the property would have been uninhabitable.

Mr K thinks this offer should also be increased in line with his increased scope of works. However, I think this offer is fair. From the information provided to me, I am satisfied that sufficient works relating to the escape of water peril could have been completed within a 3-week period to return the property habitable.

#### Service issues and compensation

Mr K has also complained about the service he has received from Zurich and what he sees as avoidable delays. Zurich have offered Mr K £150 for the inconvenience they think their errors have caused.

Zurich acknowledges the significant amount of time this has taken. However, I appreciate the claim was made more difficult by the property being stripped out in full, as well as the need to correspond with several third parties including the council. I think generally Zurich have responded in a timely manner and their initial claim repudiation was reasonable, based on information at the time. However, I note delays between August and September 2022. For the impact of this, I think the £150 compensation offered is fair. After this point, I think the claim was dealt with reasonably efficiently, considering the prior mentioned difficulties.

#### Summary

In concluding, I find what Zurich have already offered to do, is fair and reasonable in settlement of the claim. I am not satisfied that Mr K's increased scope of works is necessary or directly related to the escape of water peril and that the £5,000 offered is fair. Zurich have already offered to refund surveyor costs and made what I believe is a fair offer for alternative accommodation costs and the service issues experienced. So, I don't require Zurich to take any further action. I accept my decision will come as a disappointment to Mr K. But it ends what we – in attempting to resolve his dispute with Zurich – can do for him.

#### **My final decision**

My final decision, for the reasons set out above, is that Zurich Insurance PLC have already made a fair and reasonable offer to put things right for Mr K. If they haven't already, they should pay Mr K £5,000 in settlement of the claim. As well as £2,310 for the alternative accommodation costs and £150 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 12 December 2023.

Yoni Smith  
**Ombudsman**