

## **The complaint**

Miss V complains about the way Zurich Insurance PLC handled for a claim she made under a buildings insurance policy.

Reference to Zurich includes its agents and representatives.

## **What happened**

I'll summarise the main points about this dispute:

- Miss V benefitted from a buildings insurance policy, underwritten by Zurich, which covered the flat she lived in.
- In March 2021, Miss V got in touch with Zurich after a water leak caused damage. Zurich accepted the claim. It arranged for strip out work to begin and paid for Miss V to move to alternative accommodation (AA).
- Miss V made a complaint about the way Zurich was handling the claim. It gave its complaint response in September 2021. It accepted there had been service failings and offered her £750 compensation.
- Miss V referred that complaint to our Service. We said it had been referred to us out of time, so we couldn't consider it.
- The claim continued and Miss V returned home in December 2021. Repairs were complete by the end of January 2022, aside from a problem with the heating system.
- Miss V made a second complaint about the way the claim had been handled. She made a number of points, in summary:
  - The repairs were not up to standard and took too long.
  - Communication had been poor.
  - The AA was unstable, meaning Miss V moved several times.
  - This had an impact on food costs, as it was harder to buy and store food in bulk and/or prepare home cooked meals.
  - It also meant increased travel costs and Miss V's bike was stolen.
  - On return, the central heating system wasn't working properly.
  - All of this has caused her and her family a huge amount of distress, as well as financial loss.
- Zurich gave its second complaint response in October 2022. It conceded that its communication and the standard of repair carried out both fell short of expectations. As a result, it offered a further £400 compensation. It didn't think it was responsible for the boiler problem but offered to pay towards the cost as a goodwill gesture.

- Our investigator thought Zurich had done enough to put things right. He wasn't persuaded Miss V had incurred additional food costs and didn't think Zurich was responsible for any additional travel costs or her stolen bike. Without evidence to show the boiler had been damaged by the water leak or Zurich's contractors, he thought its offer was fair. And he also thought its compensation offer was fair.
- Miss V didn't think this was a fair outcome and asked for her complaint to be reviewed by an Ombudsman. She said the heating system had been working properly before the contractors removed part of it during repairs – but they didn't return it to that condition. And she didn't think the compensation adequately reflected the impact on her and her family of their claim experience.

### **My provisional decision**

I recently issued a provisional decision in which I said:

I've considered all the available evidence to decide what's fair and reasonable in the circumstances of this complaint.

- The scope of this complaint is the way Zurich handled the claim since the first complaint response in September 2021, up to the second complaint response in October 2022. I won't be considering anything which happened before or after.
- There are a number of points to consider, so I'll look at each separately.

#### *Standard of repair and delays*

- Zurich has accepted there were poor repairs. This meant work often had to be redone, and that delayed the claim. As a result, Miss V and her family were in AA for longer than they ought to have been. And when they returned in December 2021, there was a significant list of snagging to complete.
- There was also no heating or hot water at a very cold time of year – and Miss V hadn't been told about this before her return. I understand hot water was restored within two days, but the heating problem persisted. I'll discuss that further below. To compound matters, the washing machine wasn't plumbed in properly by the contractor, so it leaked when first used, which Miss V had to deal with. She also had to clean her home as the contractors hadn't done so.
- It's quite clear the way the repairs were handled was poor, caused delays, and had a considerable impact on Miss V and her family. Repairs took around eight months in total to complete. Around half of that was during the period of time I can consider. I'll take all of this into account when thinking about a fair level of compensation.

#### *Heating system and boiler*

- It's not in dispute that the heating system was working as normal prior to the repairs. When Miss V returned home, it wasn't. Regardless of whether or not Zurich was responsible for this, I would have expected it to at least forewarn Miss V about this and take reasonable steps to investigate it – or pay for further AA.
- After Miss V told Zurich about the problem, it arranged for an engineer to attend, but the heating couldn't be restored. Miss V got in touch with an engineer privately, who recommended the boiler be replaced. Miss V paid to do that.

- Zurich said the problem was with the boiler, which its contractor didn't work on, as a result of age related wear and tear. Miss V said the problem was with the immersion water tank, which was replaced during repairs. She doesn't have a report to explain what the cause of the problem was.
- The only professional opinion I have available to me is from Zurich – and that doesn't indicate the problem was caused by its contractors or as a result of the original water leak. However, Zurich hasn't explained how a previously working system stopped working. It's possible that the delays during repairs contributed to the problem by leaving the system idle, but there's no evidence to show that was the case.
- Taking all of this into account, I think it was right for Zurich to contribute to the cost Miss V, given the uncertainty about the cause of the problem. However, I don't think there's enough evidence to show Zurich was likely responsible for the boiler needing to be replaced, so I wouldn't expect it to pay in full for the replacement.
- I'm satisfied its offer of around £450 toward the costs is a reasonable one, given the evidence available to me. I'll award this sum to Miss V but if Zurich has already paid it, it doesn't need to pay it again.
- Miss V is entitled to provide Zurich with further evidence about this matter if she wishes and I'd expect Zurich to consider its position if she does.

#### *Alternative accommodation and associated costs*

- The policy covers the cost of AA. It doesn't specify that Zurich will arrange the AA, so I don't think Zurich was obliged to do so. But generally I think it's best practice for the insurer to offer to source and pay for the AA directly. I understand Zurich attempted to find suitable AA for Miss V but was unable to do so.
- That meant Miss V sourced her own AA, which I understand she also found difficult due to the nature of the housing available in the area she lives. As a result, there were many moves, including a hotel, rather than a long term let of a house. In part that was because Miss V was initially told repairs would take a matter of weeks, rather than months, so she was prepared to accept a short term option.
- During the period of time I can consider, Miss V was in AA for around two and a half months, during which she moved four times. Whilst I have no doubt this was an inconvenient and distressing situation, on top of dealing with the claim, I'm not persuaded it would be fair to hold Zurich entirely responsible for it.
- It seems the housing options are limited where Miss V lives and that's beyond Zurich's control. However, I would have expected it to communicate with her about agreeing costs and making payments clearly and promptly to help minimise her inconvenience. That didn't always happen. Zurich could have done more to help, particularly bearing in mind it was responsible for significant delays, which meant Miss V had to find more AA than she ought to have done.
- I understand the nature of one of the properties meant Miss V's bike was less secure and that may have led to it being stolen. That's not something I can hold against Zurich as it didn't arrange the AA and sadly there's always a chance of theft.

- Miss V says she faced additional food costs due to the number of moves and the facilities at some of the places she stayed. She says she couldn't buy in bulk and often had to cook more ready-prepared food, both of which naturally increase costs. However, she didn't keep receipts, so it would be difficult to quantify her loss.
- I wouldn't expect Zurich to pay all her food costs – only those reasonably incurred over and above what she'd usually pay. In the circumstances, I think it's likely Miss V did incur additional food costs to some extent. Given the frequency of moves and the nature of the AA, I can understand how food costs would likely have risen for her and her family. I can only consider those incurred during the two and half months in AA. And without being able to quantify them, I think the most pragmatic thing to do is to factor this into a compensation payment.
- Miss V also says her transport costs increased. Again, I would only expect Zurich to pay those travel costs reasonably incurred over and above what she'd usually pay. Miss V hasn't provided evidence of such costs yet but says she may be able to do so. Because it seems this loss can be quantified, Miss V should provide Zurich with further evidence about this matter and I'd expect Zurich to consider its position.

### *Compensation*

- For the period of time I can consider, Zurich offered £400 compensation. As outlined above, there were delays due to the poor handling of the repairs, poor communication, heating and AA problems during this time. There were also likely some additional food costs.
- Taking all of that into account, I'm not persuaded £400 goes far enough to reflect the impact on Miss V and her family. I consider a total of £750 is fair in the circumstances. If Zurich has already paid £400, it need only pay the remaining £350.

### **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.

- In response to my provisional decision, Zurich made a number of points, which I'll summarise:
  - The main repairs were complete, and Miss V moved home, in December 2021.
  - Snagging repairs were complete before the end of January 2022.
  - Delays up to and including September 2021 were considered in the first complaint – which is outside the scope of this decision – and which accounted for part of the compensation paid at that time.
  - Whilst Miss V moved around during the repairs, and this meant she was unable to buy food in bulk, this was because she didn't think the options Zurich provided were suitable. Had she taken up Zurich's options, it could simply have extended AA and avoided the need for her to keep moving.
  - Overall, it maintains £400 for this complaint was reasonable.
- Miss V also responded to make a number of points, so I'll summarise them too:

- She doesn't have any food or travel receipts. But she does recall increased travel costs, as well as the food costs mentioned in the provisional decision.
- She was pleased I'd asked Zurich to pay increased compensation as this had been a very stressful experience for her and her family. In particular, being away from home for a prolonged period of time, and moving frequently. She asked me to consider whether further compensation could be paid toward the boiler.
- Zurich had paid the £400 compensation it offered in October 2022. It had also paid the boiler contribution of £465.55. So only £350 compensation from my suggested award remained to be paid.
- I've thought about the points made by both parties. Having done so, I haven't been persuaded to change my mind. I remain satisfied the award I set out in my provisional decision is a fair way to resolve this complaint. I'll explain why.
- I was aware of all the dates and timescales Zurich has mentioned when I reached my provisional decision. I only took into account the way the claim was handled from the first complaint response in September 2021, to the second in October 2022.
- As a result, when I considered the impact of the repair problems, I only did so from October 2021 until they were complete in January 2022. As Zurich's points don't change my understanding of the circumstances, they don't change my view about compensation.
- Zurich initially tried to arrange AA for Miss V, but found it difficult to source suitable options. Miss V herself also found it difficult. So I think the nature of the housing available in the area she lives meant there was always likely to be challenges arranging suitable AA – regardless of who arranged it.
- That may have meant some moves and a degree of inconvenience were inevitable. But because Zurich's repairs were delayed, Miss V was left in AA for longer than she ought to have been – including several moves. And it's the inconvenience caused by that which was the key factor in my view about compensation.
- Without any evidence about food or travel costs, a loss can't be quantified – but I think some increased costs were likely for the reasons set out in my provisional decision. In part that's why I suggested increased compensation. It's not an accurate assessment of the costs involved, because I don't think that's possible here, but it does recognise some degree of increased costs. Overall, I remain satisfied it's reasonable in the circumstances.
- Without further evidence about the cause of the problem to the boiler, I'm not satisfied it would be fair to require Zurich to contribute more to it than it already has. But the option remains for Miss V to provide further evidence to Zurich if she wishes.

### **My final decision**

I uphold this complaint.

I require Zurich Insurance PLC to:

- Pay a total of £750 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss V to accept or reject my decision before 11 December 2023.

James Neville  
**Ombudsman**