

## **The complaint**

Mrs B complains that when she made a claim on her home buildings insurance Zurich Insurance PLC would not cover the cost of a replacement carpet after having told her this would be covered.

## **What happened**

Zurich provides the buildings insurance for the property where Mrs B lives. She's the leaseholder of her flat. The policy terms say the insurance is arranged on Mrs B's behalf by the freeholder in accordance with the terms of her lease.

Mrs B made a claim on the policy after she had a leak of water in her home in November 2022. She was unhappy about information provided by Zurich concerning the cost of repairs and made a complaint about that, which is being considered separately. This complaint concerns the claim for her carpet.

In July 2023 Mrs B provided details of her claim to Zurich, including a receipt for the cost of a carpet. Zurich initially told her this would be covered but later that month explained that this wasn't correct as the policy only covered the building, not contents.

Mrs B complained that she had again been given misleading information. In its response to the complaint, Zurich accepted she had been given incorrect information and offered compensation of £50 for this. Mrs B didn't accept this and referred her complaint to this Service.

Our investigator didn't think Zurich should have to pay for the replacement carpet, since that wasn't covered by the policy. But she thought the compensation offered was too low and asked Zurich to increase this to £150, which it agreed to.

Mrs B didn't agree. She said she was led to believe for 10 months that the carpet was covered only to be told after providing a receipt that it wasn't. She thought Zurich should pay the cost of the carpet. And she was unhappy it hadn't paid the compensation of £50.

The investigator considered Mrs B's comments but didn't change her view. She said although the claim had been going on since November 2022, her focus was on when Zurich should have told Mrs B the carpet wasn't covered and that was at the point when she sought to claim for that. She clarified that the compensation she was recommending was £150 in total, not an a further £150 in addition to the amount previously offered.

Mrs B has requested an ombudsman's decision. She says Zurich had known about the carpet since November 2022 and is very unhappy with the way Zurich has acted.

## **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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim.

The policy provides cover for damage caused by an *“Escape of water from any fixed tank, fish tank, pipe or appliance and damage caused to such by bursting or freezing.”*

So Mrs B was covered for the cost of repairing damage caused as a result of water damage. But this is a buildings insurance policy and only covers damage to the property. The policy doesn't cover her contents. And there's a specific term about floor coverings which says the cover extends to *“Wall, floor or ceiling coverings, (other than carpets), all of which are permanently fixed.”*

Mrs B's point is that regardless of the policy terms, she was told she could claim for her carpet and it was only when she sent the invoice that Zurich said she couldn't. I appreciate that would have been upsetting for her, but it doesn't automatically follow that Zurich should pay for something not covered by the policy.

While the claim had been ongoing for some time, there was little discussion about carpets until July 2023. Mrs B provided information about the carpet on 11 July 2023 and Zurich called her on 31 July to explain the carpet wouldn't be covered. Zurich also explained that she could take this up with her contents insurer. If she has contents insurance, that would be the appropriate way to claim for the carpet.

It doesn't seem to me that Mrs B has suffered a loss as a result of being given incorrect information; the carpet would likely have needed to be replaced anyway if it was damaged. But it would have been upsetting to find out this wouldn't be covered if she thought that it would.

Taking account of the circumstances, and the amount of time between being given incorrect information and then the correct position, I think a payment of £150 is fair.

I appreciate Mrs B is upset this wasn't the first time she was given incorrect information. She's commented on the need for an insurer to deal with things correctly and I wouldn't disagree with that. But it's not my role to fine or punish a business when something goes wrong.

Where something has gone wrong, I need to consider how this affected Mrs B and what would be a fair way to put things right for her. The harm caused to Mrs B was the distress she was caused. And for the reasons given, I think compensation of £150 is a fair way to deal with that.

### **My final decision**

I uphold the complaint and direct Zurich Insurance PLC to pay compensation of £150 to Mrs B for the distress and inconvenience caused to her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 19 April 2024.

Peter Whiteley  
**Ombudsman**