

## **The complaint**

Mrs H complains Zurich Insurance Plc settled her home insurance claim unfairly.

Mrs H's been represented for the claim and complaint. For simplicity I've generally referred to the actions and comments of the representatives as being those of Mrs H. For the same reasons I've generally referred to Zurich's agents' actions as being its own.

## **What happened**

In January 2018 Mrs H claimed against her Zurich home insurance cover. Her home had been severely damaged by fire. Zurich accepted the claim. It funded alternative accommodation for Mrs H and her husband.

Mrs H chose to reinstate the property through her own architect, surveyor and contractors. She also decided to make some enhancements to the property beyond the original design – accepting these wouldn't be covered by her policy. A notional rebuild cost was agreed by Zurich.

During the next few years Mrs H made various requests, to Zurich, for additional costs to be included. Zurich agreed to some variations and increases to the total buildings claim settlement. In early 2020 rebuild work paused for several months as Mrs H was unable to pay her main contractor. She blamed Zurich for that – and for resulting additional costs.

In April 2020 Mrs H's surveyor presented Zurich with an outline of the originally estimated cost against actual costs – requesting an additional £163,000. Zurich agreed to an extra £53,000. Mrs H came to an arrangement with her contractor and eventually the rebuild was completed.

However, Mrs H wasn't satisfied with how Zurich had handled and settled the claim. In response to her complaint Zurich didn't accept its settlement of the claim had been unfair. It said it had settled in line with the terms of her policy. It said Mrs H was responsible for delays, by modifying the design of the property, that resulted in increased costs. It accepted it maybe should have released the funds for the claim as a single payment, rather than reviewing variations as they were submitted. It offered £1,000 compensation as an apology. But it didn't accept it was responsible for Mrs H's builders stopping work or the resulting delay and additional costs.

Mrs H didn't accept Zurich's response, so came to this service. She raised several complaint points. Ultimately, she felt Zurich hadn't paid enough to settle the claim, that it was responsible for delays, her contractor stopping work and resulting additional costs and distress.

Our Investigator felt Zurich's final settlement of the claim at around £633,000 to be fair. She didn't feel Zurich was responsible for the contractor not being paid on time or for finance costs incurred by Mrs H. She was of the opinion the £1,000 compensation already offered was a reasonable amount. So she didn't recommend Zurich do anything differently. Mrs H didn't accept that outcome, so the complaint was passed to me to consider.

In January 2024, having reviewed the information provided so far, I wrote to Mrs H. I explained she hadn't provided persuasive evidence that Zurich's settlement of the buildings claim was insufficient or unfair. I said what I had seen didn't allow me to understand what costs or items or works Zurich hadn't funded fairly. I provided a further opportunity for her to provide evidence to support her complaint. In response Mrs H provided an explanation of her complaint points – including reference to specific unpaid or disputed costs – with some additional supporting evidence.

### **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 this is an informal service I'm not going to respond here to every point or piece of evidence Mrs H and Zurich have provided. Instead I've provided a summary of my understanding of the complaint. It focuses on the issues and evidence I consider to be key or central to the complaint. But I would like to reassure Mrs H and Zurich that I have considered everything submitted.

Mrs H's recent submissions have provided some clarity, but ultimately haven't been persuasive enough to change my position. So I'm not going to require Zurich to pay her anything further to settle her claim or cover any losses.

Mrs H provided headline amounts that she feels Zurich should pay her, above what it's already paid to settle the claim. These total £326,000. There are some subcategories. For example 'professional fees' of £33,555. But little more in the way of justification. There's no itemisation. There's also a spreadsheet and bank statement. But these are just lists of amounts paid. Mrs H hasn't explained which individual items of expenditure the £33,555 includes – or even which professional services.

There's no commentary on the specific work the £33,555 covers. No explanation of proportionate deductions for enhancement related work. There's no reference to the contribution Zurich has made towards 'professional fees' – and why that isn't enough to cover the £33,555 she's requesting it pay now.

I've found the same for the other subcategories. These include for example '...rental costs, storage costs... to £33,582...', 'additional contractor costs incurred £96,853.' and 'Other building costs incurred £17,789...'.

One claimed cost, for demolition at £17,000, was covered by a payment Zurich, made in March 2019, to Mrs H. Unfortunately she used the funds to pay a different contractor. So I can't fairly require it to be paid again – even if Mrs H wasn't aware of what the payment from Zurich was intended to cover.

I've considered the other available information. The most informative provided by Mrs H is her surveyor's submission to Zurich in April 2020. This was requesting additional claim costs. It explains some additional costs that hadn't been originally included in the agreed rebuild cost. It also sets out variance between original estimated costs and actual costs for individual items. It requested an additional £153,000. Although Mrs H hasn't explained how these items correspond with the claimed rebuild costs she's set out in her recent submission.

Zurich responded to the April 2020 submission, agreeing a further and final £53,000. The response sets out why Zurich feels it isn't responsible for any further cost increases.

Essentially it feels Mrs H delayed the claim, increasing costs through deterioration, complexity and inflation, by modifying the design and layout of the property.

Having considered the policy terms, all of Mrs H's evidence and concerns about Zurich, alongside its responses, there just isn't enough for me to say its total settlement wasn't in line with the terms of the policy – or was unfair in some way.

I've considered Mrs H's specific point about Zurich being responsible for her main contractor downing tools in early 2020. She's said it acted dishonestly by not giving her clear information about how it intended to settle the claim. This she feels directly resulted in additional costs – including for the rebuild and borrowing.

I've seen that in May 2019 Zurich set out, to Mrs H's representative, its proposed (at that point) final building claim settlement - £550,000. It explained the remaining balance that was still to be paid. So I can't say Zurich hadn't informed Mrs H in advance of its position on settlement of the claim.

In its complaint final response Zurich accepted it may have been better for Mrs H if it had settled the claim in one single payment. But it didn't accept it was responsible for her dispute with her contractor. It pointed out, by the time the dispute happened, it had already paid her more than £475,000. In addition I've seen that it made regular large payments to Mrs H between May 2019 and the date of the dispute - February 2020.

Zurich did increase its final settlement after February 2020. But that was in response to the submission, outlined above, from Mrs H's surveyor. So I can't say that it should have done so prior to February 2020.

I realise this will be frustrating for Mrs H, but I haven't seen enough for me to fairly find Zurich was responsible for her contractor stopping work – and any resulting additional costs. It had made her aware in advance of its position on the settlement. It had made regular payments to her in the months before – and had by the point of the dispute paid her a substantial proportion of the final settlement.

Mrs H also referred to significant distress and inconvenience she experienced as a result of Zurich's handling of the claim. She feels she should be awarded further compensation. She's referred to serious health conditions. I understand that the loss and rebuild of her home has had a significant impact on her. But I can only require Zurich to compensate her for unnecessary or additional distress and inconvenience it's caused her.

Zurich offered Mrs H £1,000 to compensate for how it decided to make payments – in stages rather than a single payment. That seems a reasonable amount to reflect any distress or inconvenience that decision may have caused. And as I haven't found that it acted unfairly otherwise, it follows that I'm not going award any further compensation.

### **My final decision**

For the reasons given above, I don't uphold Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 12 March 2024.

Daniel Martin  
**Ombudsman**