

The complaint

Mr H complains about the way Zurich Insurance Company Ltd (Zurich) has dealt with a claim he made on his home insurance for storm damage.

What happened

Mr H bought a new buildings insurance policy online through a comparison website in mid-February 2023. The policy was provided by Zurich. The next day his neighbour told him part of his roof had come away and when he checked he found water coming through the flat roof above a dormer window.

Mr H got some quotes about the cost of repairs and had a temporary repair carried out. He contacted Zurich about making a claim at the beginning of March, as he thought the damage was caused by a storm. Zurich agreed to consider the claim but couldn't get a surveyor to look at the damage for a couple of weeks. The surveyor reported his findings to Zurich shortly after, but Mr H's claim was only refused in the middle of November, about eight months later.

Mr H paid for a dehumidifier to dry out his carpet and asked Zurich to pay for this as he said the damage was made worse by the delay in the surveyor visiting his property and then by the uncertainty of whether his claim would be met. He subsequently had repairs done in early April and paid for these himself.

Mr H complained about delays and although Zurich didn't think it had acted unfairly, in June it offered him £100 compensation for the delay in sending out the surveyor.

Zurich held a video interview with Mr H in mid-April. The purpose of that interview was to check whether Mr H had bought his policy before the damage occurred, and whether he'd correctly answered the questions he'd been asked about the property when he bought it. Mr H co-operated with the interview and explained how frustrated he was by the whole process.

Mr H continued to chase Zurich to find out what was going on over several months.

In late August Zurich said it was thinking about "voiding" Mr H's policy. It said this was because it believed Mr H already knew the roof was damaged before he bought the policy. That was based largely on a conversation with a builder who said he'd first visited the property a couple of days before Mr H bought the policy. It also thought Mr H might not have answered a question about the construction of his roof correctly when he bought the policy.

A complaint was registered about this letter. Zurich says Mr H then withdrew this complaint. Mr H made a further complaint, about the way he was being treated and the way Zurich was communicating with him in early October, but Zurich didn't uphold that complaint as it said it hadn't caused any delays, nor failed to communicate since it had offered the £100 compensation in June.

Zurich eventually said it was continuing to provide cover. That was in January 2024, nine months after the telephone interview. Mr H has told us that he bought alternate cover in

September 2023 because he thought Zurich wasn't covering him any longer and he was worried about that.

Our investigator looked at what had happened. She took into account the fact that Mr H told Zurich the delays and the way his claim was being handled was affecting his mental and physical health. She thought compensation of £850 (lowered to £750 if Zurich had already paid the £100 it offered earlier) more fairly reflected the experience Mr H had had.

Finally Zurich says it told Mr H in November 2023 that it wasn't taking any action on his policy, and that's when Mr H knew cover was continuing, rather than January 2024.

Our investigator explained again why she thought £850 total compensation was appropriate. She also explained why she thought Zurich didn't need to pay for the dehumidifier Mr H used and the decorating..

Mr H has raised some points about her second opinion. In summary these are

- That he's unsure whether complaining again to Zurich will prevent this complaint being concluded. Our investigator explained there was nothing stopping him going back to Zurich and it wouldn't delay this decision
- That the investigator says she can't comment on Zurich's offer to refund part of the premiums as he hasn't formally complained about that – as I said above, Zurich has offered to deal with that.
- That the cause of damage was a storm, not wear and tear. Our investigator explained that as Mr H hasn't challenged Zurich's reason why it won't pay the claim she can't comment on this.

Mr H raised some other points and I'll comment on those later in this decision. These are:

- That Zurich has repeated an allegation that the internal damage was present before he bought the policy.
- That he wasn't told his policy wasn't cancelled.
- That our investigator had led him to believe she would recommend Zurich pay for the internal decorating and the humidifier but that hadn't happened.
- He believes £1,500 is a more reasonable amount of compensation as the ongoing situation has caused severe distress and anxiety.

Zurich says the compensation is too high as it had to carry out its investigations and it kept in contact with Mr H throughout. It did acknowledge there had been some delays and offered to pay £450 compensation in total.

I've been asked to decide this complaint.

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.

I'm going to uphold this complaint for much the same reasons our investigator gave. I'll explain my reasoning further. Unfortunately I can't comment on every point Mr H has made,

because Zurich has objected to us looking at some things, as it says it either hasn't been able to review them or Mr H hasn't made a formal complaint about them. I will comment where I can.

I'm also only going to concentrate on the main points of the complaint, although I can assure both parties that I've considered everything they've said.

I think this complaint falls into four main categories. I'll comment on them separately.

The policy.

Mr H bought this policy immediately before the storm he says caused damage to his property. Zurich says they needed to make enquiries to ensure that Mr H wasn't making a claim he wasn't entitled to. Zurich was looking at two main things – whether Mr H had answered questions about his home correctly when he bought the policy, and whether he was entitled to claim on a policy he'd bought immediately before the damage occurred.

I accept that these enquiries might be necessary, and that Zurich had some information (such as the date the builder said he first visited Mr H's home and the construction of the flat roof) that prompted these enquiries. But Zurich had a long interview with Mr H in mid-April and didn't decide the outcome of its enquiries until November. Instead it told him in August it was thinking about "voiding" his policy (that's cancelling and treating him as if he's never had the policy). Seven months is a long time for anyone to have a threat like this hanging over them, and I'm not surprised Mr H suffered from the stress and anxiety he's told us about.

Eventually Zurich told Mr H in a single sentence in a letter about other issues that it wasn't taking any "policy action". There's no expression of apology for the length of time it took Zurich to reach this decision. Mr H says he didn't know his policy was still continuing and I can understand that. I don't think this letter explains clearly that Mr H still had cover – that didn't happen until January 2024 after this service asked Zurich for information.

I don't think that's a fair way to treat someone who's waited months for a conclusion to this investigation.

The second policy

Mr H was so concerned by the August letter about Zurich voiding his policy that he went out and bought a new policy from a different provider a little while later. Zurich has offered to refund any premium it held from the date of the new cover if Mr H proves when he paid for it. I've seen evidence that the new cover started on 10 September 2023 and has been paid for. Zurich should refund the excess premium now. Our investigator sent Zurich copies of the relevant paperwork a couple of weeks ago.

The claim

I can't comment on whether Zurich has fairly said it won't meet Mr H's claim, because he hasn't made a formal complaint about this and Zurich refused to respond on this point. But I can say that it took more than seven months to tell Mr H it was refusing his claim and why. The reason for the refusal was based upon information Zurich had by April 2023. It was not automatically linked to Zurich's investigation about whether Mr H's policy was valid. I can't see any reason why Zurich couldn't have told Mr H that it wasn't meeting the claim much earlier than it did.

Compensation

Neither Mr H nor Zurich are happy about the amount of compensation our investigator recommended. I've thought about that carefully. Taking everything into account I think she recommended a fair amount - £850 in total. I appreciate Mr H has had months of worry and trouble and how that's made him feel, but this amount is in line with our usual awards in these circumstances.

After the response date to our investigator's opinion had passed, Zurich responded to say it thought £450 was more appropriate. Whilst it acknowledged that it had fallen short of the communication standards Mr H should get, it went on to say it had frequently told him that no decision had been made about whether his policy would continue. That went on until it issued its last final decision letter in October and it hasn't had a chance to consider a complaint about how it communicated after this point. I don't agree with Zurich's contention that the compensation is too high. Mr H made Zurich aware he was frustrated and struggling many months ago, but despite this Zurich didn't act in a supportive or timely manner towards Mr H throughout this claim and investigation.

Other points

Mr H is understandably upset that Zurich has recently said it has evidence that shows the damage to his property predates the start of the policy. That is something that would be considered when Mr H makes his complaint about whether Zurich fairly rejected his claim. Unfortunately the rules that govern this service mean I can't comment further on this unless we're asked to review such a complaint.

Mr H questioned why our investigator suggested Zurich should meet his drying and redecorating costs. I think that comment was made in good faith, but it also depends upon whether Zurich has acted fairly about meeting the claim (rather than the delay). If Mr H challenges Zurich's decision to refuse his claim, and he's not satisfied with Zurich's response we may be able to consider that for him in due course.

My final decision

My decision is that I uphold this complaint and require Zurich Insurance Company Ltd to pay Mr H £850 compensation for the way it handled his claim, less any compensation already paid. It must also promptly refund any excess premium it holds from the date Mr H bought a new policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 May 2024.

Susan Peters
Ombudsman