

The complaint

Mr and Mrs W complain about the way Zurich Insurance PLC handled flood claims under a Farm Combined insurance policy.

Reference to Zurich include its agents.

What happened

The facts of the complaint are known to all parties, so I won't set them out in detail. But, in summary, Mr and Mrs W reside in a property on farmland situated near a river.

In 2019, they reported a flood claim to Zurich. The claim was accepted, Mr and Mrs W arranged contractors and the works, and the claim was cash settled by Zurich. Mr and Mrs W didn't have any issue with how this claim was handled.

Following repairs, another flood occurred, and this caused significant damage. Zurich arranged for drying works, and Mr and Mrs W say they were told again to arrange local contractors to do the repairs. Mr and Mrs W struggled to get quotes as did Zurich's loss adjuster they said, and the Covid-19 pandemic made matters even more challenging.

Mr and Mrs W found out they could appoint a surveyor to oversee the claim on their behalf. So, after talking to Zurich, they appointed their own surveyor. They were responsible, broadly, for overseeing the claim repairs through to completion. Zurich said it was responsible for ensuring claim costs were reasonable and making payments via its loss adjuster. But things unfortunately didn't go well, and a further flood event occurred in 2021 which caused damage.

Mr and Mrs W say Zurich caused significant delays during the claims process, the loss adjuster only made a handful of visits to the property and put-up barriers when it was time to arrange payments, amongst other things. They also say repair works weren't like-for-like, nor in line with the policy.

In 2021, the loss adjuster emailed Zurich to say contractors appointed by Mr and Mrs W's own surveyor had completed much of the works they could up to that point. And a joiner arranged by that surveyor had become unreliable, carried out poor repairs, and contractors were waiting on things to be delivered to conclude the repairs.

Then, in 2022, the property flooded again. It was said the water that got in was nominal compared to the previous events. Mr and Mrs W say this event, however, highlighted problems with the quality of repairs done – for example, skirting had come away from the walls.

Mr and Mrs W told Zurich they didn't want to make a claim for the 2022 flood event. They say following several insurance policy renewals, Zurich increased their premium and policy excess for flood meaning it wasn't economical to make another claim.

Zurich said the relationship between Mr and Mrs W, their surveyor, and contractors

appointed by them, broke down. In essence, at this point, the property had damage resulting from the previous flood incidents, the 2022 flood event, and due to poor repairs done by contractors appointed by Mr and Mrs W's surveyor.

Mr and Mrs W said they weren't aware of a relationship breakdown. Rather, they thought contractors were too embarrassed to return – having walked off the job – after the 2022 flood event highlighted several areas of poor workmanship.

A visit took place at the property around May 2022. Zurich say it was agreed Mr and Mrs W's own surveyor would return to report on all aspects of damage and provide a scope of works so all parties could comment on it. This was also to set out what Zurich would pay for under the policy, and what it wouldn't – such as damage caused by poor workmanship.

Around July 2022, a new contractor priced for the scope of works. Following this, Zurich told Mr and Mrs W what repairs it would and wouldn't cover.

Mr and Mrs W told Zurich all they wanted to happen was for the original works to be completed. They also raised to Zurich other issues such as how the conservatory damage would be put right. Mr and Mrs W complained to Zurich and asked it to appoint a new loss adjuster to the claim, as they were unhappy with the way things had been handled.

Zurich responded to say all parties attended a site visit to go through the property room by room to list all the works that needed to be done. And it was waiting for Mr and Mrs W to confirm the scope of works drawn up following this visit was accurate so matters could progress.

Unfortunately, over the claims period, Mrs W suffered severely with her health. This resulted in her being emitted to hospital and requiring time to recover. Mr W is Mrs W's carer, and Mrs W needed to attend medical appointments local to her property. Having been given a monthly expense to use for alternative accommodation – which they used for periods – they moved back into their property. Mr W says he took steps to ensure the first floor was habitable for them to do so at his own expense.

There was a conversation between Mr and Mrs W and Zurich's loss adjuster. This took place as the contractors previously didn't return. Mr and Mrs W say the loss adjuster told them alternative contractors could carry out repairs room by room while they lived there. But, shortly after this conversation, it was said that no contractors would be prepared to undertake the works with Mr and Mrs W living at the property – particularly due to Mrs W's poor health.

Another suggestion to progress matters was for Zurich to cash settle the works needed in the areas of the property Mr and Mrs W were living in. That would enable Mr and Mrs W to get contractors in when convenient for them, over a period, to complete the remaining claim-related repairs.

The claim has stalled and works remain outstanding to date. It's been running for several years, and Mr and Mrs W just want the repairs to be completed. They said they're social people and haven't been able to live their normal lives or have grandchildren visit them due to the condition of the property.

In essence, Mr and Mrs W's complaint is that their home flooded again in 2020 causing significant damage. And Zurich effectively required them to deal with it and what followed by appointing local contractors. They have said no one – throughout the claim – has represented their interests appropriately.

Zurich did respond to the complaint in October 2022 covering several points. In essence, it said while it acknowledged the difficulty Mr and Mrs W faced with several flood events in a short space of time, it thought it progressed the claim reasonably. Mr and Mrs W remained unhappy, so they approached our Service for an impartial review.

The Investigator initially didn't recommend the complaint be upheld as she didn't think Zurich were responsible for the delays or poor repairs carried out. Rather, representatives appointed by Mr and Mrs W to manage the claim on their behalf were responsible.

Following further responses from Mr and Mrs W, however, the Investigator recommended Zurich should take back the claim, assess the outstanding works, and arrange repairs. She thought Zurich ought to have appointed agents to manage the claim at the outset due to Mr and Mrs W's circumstances.

Zurich didn't agree. It said Mr and Mrs W sourced their own surveyor to act on their behalf – signing a contract to confirm the same. And this agreement meant the surveyor was responsible for overseeing the claim repairs through to completion.

Zurich said its role in the claim was to appoint a loss adjuster, make enquiries, and settle the claim by making payments to Mr and Mrs W's representatives. Further, it said it responded to the complaint in October 2022. And if Mr and Mrs W were unhappy about matters that occurred after this date, they would need to raise a new complaint.

In March 2024, Mr and Mrs W told us there had been significant developments in this matter since the Investigator's view.

Mr W said Zurich's loss adjuster told him they had contractors available to undertake the remainder of the repairs. But unfortunately, these contractors could no longer undertake the works. And Mr W says he's again been asked by the loss adjuster to arrange his own contractors, amongst other things, as he was at the outset in 2020. And Mr W is unable to do this. So, the claim is still no further forward as I understand it, and Mr and Mrs W feel like they're back to square one.

As an agreement couldn't be reached, I issued my provisional decision on 28 March 2024 which set out the following:

'What I've provisionally 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 should set out firstly that I acknowledge I've summarised Mr and Mrs W's complaint in a lot less detail than they have presented it. They've raised a number of problems that they faced and reasons why they're unhappy with the way Zurich handled this claim. I've not commented on each and every point they've raised.

Instead, I've focused on what I consider to be the key points I need to think about. I don't mean any discourtesy by this; it simply reflects the informal nature of our Service. I assure Mr and Mrs W (and Zurich) I've read and understood everything provided.

This claim is complex in nature given it involved significant property damage and several flood events over several years. Repairs remain outstanding, and the claim has halted meaning all parties are no further forward in seeing this matter through to completion – something I know Mr and Mrs W are so desperately eager to happen.

It's also important I acknowledge the very difficult circumstances Mr and Mrs W have faced, Mrs W's poor health, and the impact these past few years have had on their lives.

I've given considerable thought to this claim, Zurich's handling of it, and importantly, what I think needs to happen now to progress this claim to a resolution.

Before I do, it needs to be noted that generally our Service is only able to consider a complaint a respondent business has had the opportunity to respond to. Zurich responded to the complaint in October 2022 – and a lot has happened since then. But, crucially, while a lot's happened, the claim is still ongoing. And so, I find it's appropriate here I set out what I think needs to happen next.

I acknowledge this means I'll be referencing events that happened after Zurich's October 2022 final response letter. But I find it's appropriate and in the interests of all parties that I do – particularly given the specific circumstances of this complaint – so progress can be made to this longstanding claim and dispute.

The terms of the insurance contract required Zurich to pay for the cost of putting the damage right. In this case, Mr and Mrs W were instructed to turn to local contractors to provide quotes for Zurich to consider and pay.

Mr and Mrs W, having learned they could appoint an independent surveyor to oversee the claim on their behalf, did so. Essentially, this meant that Mr and Mrs W employed someone suitably qualified to represent their interests and oversee the repairs required through to completion. And so, the scope, management, and completion of repairs – including the quality of them – were the responsibility of Mr and Mrs W's own surveyor.

Zurich's role in this claim was to appoint a loss adjuster to act for it to, broadly, make enquiries and payments as and when requested to do so by the representatives of Mr and Mrs W. That's what happened here.

Therefore, I don't find Zurich were responsible for delays or the adequacy of repairs because its role was limited to making enquiries with Mr and Mrs W's surveyor and making payments to settle the claim.

I recognise Mr and Mrs W say they felt forced into appointing a surveyor at the outset, the loss adjuster misled them, and that they had no other choice given they were instructed to contact local contractors to get quotes which proved challenging. It seems this approach was likely taken given a recent claim had been settled in this way following the 2019 flood – Mr and Mrs W were able to source contractors and the claim was settled reasonably.

But I find it was appropriate for Mr and Mrs W to be represented in the claim by someone suitably qualified to act in their interests to oversee it. I say this given the circumstances they've described regarding Mrs W's health, the significant level of property damage, and the challenges they had trying to appoint local contractors to do the work.

Essentially, what should have happened once they appointed their own surveyor was for them to step away from managing the claim and rely on their own surveyor and contractors to complete adequate, and timely, repairs. That didn't happen here unfortunately. But, as mentioned above, I'm not satisfied Zurich should be held responsible for the actions or workmanship conducted by third-party contractors appointed by an independent surveyor.

Returning to Zurich's role in this claim. It is required to pay for the cost of putting right the damage. Claim-related damage remains outstanding here, so Zurich have a responsibility to see this claim through to its completion. I'm not persuaded however, it's fair to require Zurich

to take on the role of arranging repairs now given the history of the claim and the number of parties that have been involved.

I do also recognise the challenges Mr and Mrs W would face if the direction of my decision left them to effectively manage the remainder of the claim without any support.

Mr W told us in March 2024 that they had held an interview with another surveyor to represent their interests. I think it's appropriate if they're able to do so, that Mr and Mrs W appoint a new surveyor to act on their behalf for the remainder of the claim to oversee the completion of the repairs (this should include employing and managing contractors).

Upon Mr and Mrs W instructing a new surveyor, I find it's appropriate that the surveyor assesses what works are outstanding that are claim-related. To be clear, this means any repair works required as a result of the 2020 flood claim. Zurich are responsible for paying for these repairs.

Zurich aren't responsible for covering the cost of repairs for the works deemed by the surveyor to be related to poor workmanship or failed repairs carried out by third-party contractors arranged by the previous independent surveyor. Nor do I find it should cover repairs the surveyor deems to be related to the 2022 flood event that Mr and Mrs W aren't making a claim for (nor would these repairs be considered as part of the current claim).

Zurich must promptly engage with the surveyor of Mr and Mrs W's choosing to identify:

- What works are outstanding that need to be completed as part of the claim;*
- What works are considered to be the result of poor workmanship / failed repairs by the previous third-party contractors; and*
- What works are considered to be the result of the 2022 flood event Mr and Mrs W aren't claiming for.*

Once that has been established, Zurich must cash settle the remainder of Mr and Mrs W's claim in line with the policy terms.

I'm aware that my intended direction on what should happen next to progress the claim to a settlement doesn't resolve Mr and Mrs W's alternative accommodation request. The claim could be halted further – even with the above in mind – given it's been said by Zurich that no contractors were prepared to undertake the necessary works with Mr and Mrs W in situ – and given Mrs W's circumstances surrounding her health.

The policy says Zurich will cover any reasonable additional costs of alternative accommodation incurred if the property is made uninhabitable – but only during the period necessary to restore the property to a habitable condition.

I've seen Mr W says despite only having access to half a kitchen, and work required in all rooms of the property, the loss adjuster deemed it habitable.

It's not entirely clear what works are outstanding that relate solely to the 2020 flood claim in question Zurich are responsible for settling. So, it might be the case that the property is considered habitable at this moment in time, but it seems more likely than not it would become uninhabitable for Mr and Mrs W to live in while contractors carried out the necessary works. I say this particularly given Mrs W's health circumstances.

So, in thinking about this, unless Zurich can show the policy limits for alternative

accommodation have now been reached, or that there is a feasible way for repairs to be completed while Mr and Mrs W remain in situ, I think it should consider Mr and Mrs W's request for alternative accommodation while works are undertaken to put right the claim-related damage (damage relating to the insured event only).

My provisional decision

For the reasons I've mentioned above, I currently intend to uphold this complaint and require Zurich Insurance PLC to do the following:

- *Upon Mr and Mrs W appointing a surveyor, Zurich must engage with the surveyor.*
- *The surveyor should provide a report detailing what works remain outstanding (in line with what I've set out above), and Zurich must then cash settle the remainder of the claim.*
- *Zurich aren't responsible for putting right any damage related to poor workmanship carried out by previous contractors, nor the 2022 flood event Mr and Mrs W aren't claiming for.*
- *Zurich should consider alternative accommodation for Mr and Mrs W while the works to put right the damage solely related to the insured event (the 2020 claim) is undertaken, in line with the policy terms.'*

Responses to my provisional decision

Mr and Mrs W responded with several points which set out, broadly, that Zurich gave them no option but to deal with the claim themselves, they've felt bullied, the facts have been misrepresented in this case, and the loss adjuster continues to put up barriers and obstacles to progressing the claim to a settlement. They also said my provisional decision didn't comment specifically on the 2021 flood event.

They said a cash settlement being concluded fairly looked unlikely as the loss adjuster wasn't open to discussions about the scope of works required, or costs, amongst other things. And they asked who is to conclude the cash settlement is fair and reasonable, and in line with the policy, and would this be a single cash settlement to cover all unforeseen future costs, or as invoices are submitted.

Zurich said, broadly, it considers it's taken further steps to try and resolve this longstanding matter. A new complaint was raised in March 2024 about alternative accommodation being stopped. And it would consider further costs for accommodation if necessary while the works are ongoing.

It said a new surveyor has now been appointed by Mr and Mrs W and the loss adjuster has engaged with them. It said its agent carried out a survey in January 2024 and it has an unpriced scope of works it provided to the surveyor. Zurich proposed a cash settlement based on this and said if any variations are proposed by the new surveyor, it will consider the cash settlement further.

Both parties provided detailed responses to my provisional decision. And, again, I acknowledge I've summarised these responses in a lot less detail than they were presented. Having carefully considered the responses, I'll now go on to set out my final decision on the matter. As I've said, the intention of my direction here is to ultimately progress this longstanding dispute to a resolution for all parties.

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 set out in detail previously that the contract of insurance required Zurich to cover the costs of putting right the damage caused by the insured events Mr and Mrs W claimed for. I don't intend on repeating the reasons why I find Zurich should cash settle the claim now – rather than take it back and deal with it – to progress this longstanding matter to a resolution.

Mr and Mrs W have appointed someone suitably qualified to act on their behalf for the remainder of this matter. Mr W provided further correspondence in 2024. This said they're accepting of a cash settlement now provided this can be achieved in the spirit of cooperation and helpfulness.

Zurich have provided the scope of works drawn up by Zurich's agent in early 2024. And so, in line with my provisional decision, Mr and Mrs W's appointed surveyor must now consider the following:

- Any works outstanding that relate to the insured events that Mr and Mrs W are claiming for. Specifically, the flood claims that Mr and Mrs W raised to Zurich, that Zurich accepted, and as such are required to cover under the contract of insurance.
- Any repairs considered to be the result of poor workmanship or failed repairs by previous third-party contractors / the 2022 flood event. Zurich aren't responsible for covering these costs, as mentioned previously.

Once that's happened, Zurich – if required – must make any further enquiries promptly, and it must cash settle the claim in line with the policy terms. Mr and Mrs W's appointed surveyor would be responsible for overseeing the repairs through to completion.

If additional or unexpected damage is identified by Mr and Mrs W's surveyor during repairs that relates solely to the insured events claimed for (the floods), I'd expect them to raise this with Zurich promptly so that any further costs can be considered and validated by it, in line with the policy terms.

Returning to Mr W's correspondence dated April 2024. He says it's his opinion the property is currently uninhabitable due to several factors, including Mrs W's health. They are currently living in alternative accommodation and say Zurich have declined to cover these costs.

Mr W complained to Zurich in March 2024 about its decision to end alternative accommodation expenses. Zurich says it has until 10 May 2024 to consider this aspect and provide a final response letter. I think it's reasonable that this aspect is considered separately.

In terms of the period in which repairs would take place, Zurich told Mr and Mrs W no contractors would undertake the works while they were living at the property. As my decision is focused primarily on progressing this matter to a resolution, I deemed it appropriate I set out what I thought should happen regarding alternative accommodation during the period of repairs. I hope this will help mitigate the possibility of further issues arising regarding alternative accommodation in the near future which could halt repairs.

Since my provisional decision, Zurich has confirmed it will consider further costs for

alternative accommodation while works are underway. Its loss adjuster communicated the same to Mr and Mrs W's surveyor, in April 2024.

Putting things right

Mr and Mrs W have now instructed someone suitably qualified to act on their behalf to oversee matters through to completion. Zurich therefore must promptly engage with them, respond to queries, and support with progressing matters to a resolution by cash settling it.

Zurich's cash settlement must represent the outstanding repair works it is responsible for covering under the contract of insurance – in line with the policy terms. These are the outstanding works to repair the damage resulting from the insured events Mr and Mrs W claimed for.

It shouldn't include works required due to previous poor workmanship or failed repairs by third-party contractors appointed by Mr and Mrs W's previous independent surveyor. Nor any damage due to the 2022 flood event they're not claiming for.

And, finally, Zurich must consider alternative accommodation costs for Mr and Mrs W while the works to put right the claim-related damage is undertaken, in line with the policy terms.

My final decision

I've decided to uphold the complaint. I now require Zurich Insurance PLC to settle this complaint in line with my instructions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 24 May 2024.

Liam Hickey
Ombudsman