

The complaint

Mr F complains about Zurich Insurance PLC's handling of a claim made under a block buildings insurance policy.

What happened

Mr F is a leaseholder of a flat, which is covered by a block buildings insurance policy underwritten by Zurich. As the block policy covers damage to Mr F's flat, it is partly for his benefit.

In April 2022, a fire damaged Mr F's flat. He and his wife moved out whilst repairs took place. They moved back home in March 2023. Mr F complained to Zurich about its handling of the claim.

Zurich issued a final response on the complaint on 28 April 2023. It didn't uphold the majority of Mr F's concerns. However, it accepted there had been some late payments and offered him £200 compensation. This also took into account the cost of replacing Mr F's shower rail, curtain poles and bathroom cabinet, which it had included as a gesture of goodwill.

Mr F didn't accept Zurich's offer and brought a complaint to the Financial Ombudsman Service.

Our investigator considered Mr F's complaint, but ultimately she concluded that Zurich didn't need to do anything further and its compensation offer had been reasonable.

Mr F didn't accept our investigator's findings, and so the matter has been passed to me for a decision.

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've summarised the complaint above in far less detail than Mr F has done. I recognise Mr F feels very strongly about the matter, though I'm not going to respond to every point that's been made. That's not meant as a discourtesy, it simply reflects the informal nature of the Financial Ombudsman Service.

It's apparent that the fire and resulting claim have had a significant impact on Mr F and his wife, and I'm sorry to hear what they've been through. Though it's also the case that claims of this nature will inevitably involve a significant amount of disruption. So I've taken this into account when reviewing what happened.

Mr F and his wife were initially placed in emergency hotel accommodation whilst Zurich's property agent looked for a suitable rental property for the longer term. Zurich paid them disturbance allowance of £15 each per night whilst they were staying in a hotel. Although Mr F says that he had to chase the loss adjuster for the payments, the loss adjuster made it clear that it could take up to seven working days for the payment to clear, and the payments were usually made well within this timeframe. I can also see the loss adjuster did ask Zurich to fast track the payment when Mr F expressed anxiety about this.

Whilst I see Mr F did chase the loss adjuster for payments, this was often before they were due. For the most part, I think Zurich dealt with the disturbance allowance payments reasonably, though Zurich has acknowledged that the final payments were delayed by a few days. I've addressed this later on.

Mr F says that Zurich failed to rebook the hotel accommodation regularly which meant he and his wife sometimes had to move hotel with short notice. Whilst I can appreciate this would have been disrupting, I don't think this is unusual. Hotel stays are meant to be on an emergency basis and will depend on availability as well as cost. I wouldn't have expected Zurich's property agent to have booked the hotel accommodation on a long-term basis when they were trying to source a rental property for Mr F and his wife.

It did take a long time for Mr F and his wife to move into a rental property. Initially Mr F didn't want to move into a rental property, and Zurich's property agent wasn't always able to reach him to discuss the available options. Though it's also the case that rental properties on the market were scarce and Zurich's property agent had problems sourcing one for a six-month period. It seems to me that it was combination of these factors that caused the initial delay. I think the delay was outside Zurich's reasonable control.

Given the length of time it was taking for a rental property to be found (around five months), Zurich wanted Mr F to be more proactive about choosing somewhere. By this point, Zurich had decided to offer landlords the full six months' rent as a lump sum, and so it was able to source potential properties for Mr F. It therefore set a deadline for him to choose a property, or it said it would pay a cash settlement so he could arrange this himself. Whilst I appreciate Mr F found this upsetting, I can understand Zurich's reasoning. The payments for hotels and disturbance allowance were costing Zurich far more than rental accommodation would have done, and I think it had to draw a line somewhere.

Mr F says the rental property was unsuitable with rising damp and mould, which made him and his wife ill. However, I understand Mr F didn't raise any concerns about the rental property until the rental agreement was ending, so Zurich or its agent didn't have the opportunity to address this.

It's apparent that the relationship broke down between Mr F and the loss adjuster after the repairs had been completed at the flat. Though I don't agree with Mr F that the loss adjuster was rude or condescending to him throughout the claim.

Mr F says the loss adjuster often ignored him. Our investigator has addressed this in some detail, so I don't intend to do the same. Though as she has said, given the time that's passed there's limited information on this. Also, much of the communication between them was to and from the loss adjuster's mobile, so it's difficult to establish when the loss adjuster responded to Mr F's enquiries. Though from what I've seen, it doesn't appear to me that the loss adjuster ignored Mr F or caused unreasonable delays in responding to him.

Mr F says there was no handover at the property after the repairs were finished. Zurich asked the building contractor about this, and they said they had arranged for a handover to take place at the property, but Mr F and his wife didn't turn up. So they dropped off the keys to Mr F's wife. Mr F and his wife dispute this and say they weren't told about the handover, so it does seem as though there was some confusion here. However, I can't conclude that Zurich was at fault for this as I can't establish what exactly happened. I also note the rental property had been paid for until the end of March 2023, so even if Zurich or its agents hadn't been clear about the handover, this didn't particularly impact Mr F.

Mr F is unhappy that the boiler wasn't working when the keys were returned by the building contractor. I see that the contractor had replaced the boiler but couldn't get this working because the gas to the property had been shut off (by the fire service). I understand the contractor tried to get the gas turned back on, but the gas supplier would only accept this instruction from Mr F. The contractor made it clear to Mr F before returning the keys that he would need to take responsibility for commissioning the boiler.

Zurich did initially ask Mr F to arrange for his own contractor to turn on the boiler and said it would reimburse him for this (as it thought this would be quicker than arranging for its own contractor to do so). Though I understand that shortly after Mr F had the gas turned back on, the loss adjuster did arrange for a contractor to start the boiler. I think that was reasonable.

Mr F also says there was a lot of snagging that needed to be done at the property when he moved back in. I see he only returned to look at the property in March 2023, despite having the keys in December 2022. I appreciate he says he didn't realise the repairs had finished when the keys were returned, but this was made clear to him in January 2023. If Mr F had visited the property at that time, then Zurich could have addressed the snagging list before he and his wife moved back into the property. Although Mr F wanted the building contractor to do the snagging, I understand they weren't willing to do so. Zurich therefore provided a cash settlement for the items based on the amounts estimated by Mr F, which I think was fair.

The remaining items in dispute are the toilet seat, sink, intercom, curtain poles, shower rail, blinds, bathroom cabinet, and bedroom flooring.

Mr F says the new toilet seat isn't the same quality as the previous one. Zurich has said it would be happy to consider any evidence Mr F provides to support this, which I think is reasonable.

Mr F says the new sink is scratched and he wants Zurich to replace it. I understand Zurich paid for Mr F to arrange for the scratch to be buffed out, but he says this couldn't be done. Zurich has asked Mr F for evidence of this, and says it will reconsider the matter when he does. I think that's fair.

Mr F says the intercom isn't working. Zurich says it doesn't know if this was damaged in the fire, but has cash settled this as part of the payment made towards replacing the phone sockets. Mr F disputes this as he says the cash settlement for the phone sockets was agreed weeks before he realised the intercom wasn't working. I think if Mr F can show the intercom was damaged in the fire and the repair cost (together with the cost to replace/repair the sockets) cost more than the amount Zurich paid, he should provide evidence of this to Zurich for it to consider.

The policy provides buildings insurance cover which includes fixtures and fittings and improvements such as bathroom suites and fitted kitchens. It doesn't include contents insurance. A Summary of Cover document provides a summary of what's covered, and this makes it clear that Zurich covers the structure of the property as well as any permanent fixtures and fittings.

I'm satisfied that the curtain poles, the shower rail, blinds, and the bathroom cabinet would be considered contents rather permanent fixtures of the property. So I don't require Zurich to cover the replacement cost of these items.

Mr F says the bedroom carpet was removed without him being consulted, and he thought Zurich would replace the carpet with laminate flooring, but this didn't happen. Zurich has explained that the carpet was saturated when the fire was extinguished and wasn't salvageable, and it had to be removed before drying started. Taking this into account, I don't think Zurich did anything wrong here as it wasn't required to replace any damaged contents.

Zurich has offered Mr F £200 compensation to recognise there were some late disturbance allowance payments towards the end of the claim, and took into account the cost of replacing the curtain poles, shower rail and bathroom cabinet in this figure too (even though it said these weren't covered). In the round, I think £200 compensation was reasonable, given that the disturbance allowance payments were largely paid within the stated maximum timeframe.

I recognise Mr F will be unhappy with my decision, as I haven't awarded him further compensation. However, for the most part, I'm satisfied Zurich dealt with the claim reasonably and as I would expect for a claim of this type.

My final decision

Zurich Insurance PLC has already made an offer to pay Mr F £200 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Zurich Insurance PLC should pay £200 if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 21 June 2024.

Chantelle Hurn-Ryan
Ombudsman