

## **The complaint**

Mr and Mrs D have complained about the way Zurich Insurance PLC handled their claim under the block buildings insurance policy covering their maisonette.

Any reference to Zurich includes its agents.

## **What happened**

The background to this complaint is well known to Mr and Mrs D and Zurich, so I see no need to set it out in detail in this decision. But I have set out what happened briefly.

Mr and Mrs D's flat was damaged by rainwater that got into the property following a storm in the middle of January 2023. The rainwater caused damage to Mr and Mrs D's home. The damage was extensive and affected every room. All the upstairs ceilings needed to be replaced. And many of the doors in the property wouldn't close properly due to water damage. And the toilet door would not close at all. In June 2023 one of Zurich's contractors removed the toilet ceiling and most of the insulation above it. This meant the toilet had no light and was really not fit for use from this point. This was still the case when Zurich issued its final response in January 2024. Unfortunately, Zurich's contractor left some of the insulation in place in the toilet ceiling, but with this being exposed it contaminated the air in the flat and caused medical problems for both Mr and Mrs D.

The property was dried out and the claim for the repairs was approved in March 2023. However, it wasn't until August 2023 that the contractor Zurich appointed was due to start. And then the contractor didn't turn up on the day they were meant to start. Mr D told Zurich about this and a new start date of 31 August 2023 was arranged. But this wasn't suitable for Mrs D, as she had contracted a sinus infection. And when Mr D told Zurich this it said it was going to be best for it to appoint another contractor. Mr D made it clear he would only agree to this if the new contractor carried out the works in accordance with the first contractor's approved schedule of repairs in a timely manner. Unfortunately, the new contractor insisted on carrying out a survey and then it did a new schedule of works, which didn't include many of the items on the schedule drawn up by the first contractor. Mr D complained to Zurich about this.

Mr D didn't receive a revised schedule of works which included most of the items in the original schedule until November 2023, but this was still missing 16 items. In its final response letter Zurich said it would make sure the new contractor reviewed the original schedule of works. In the final response Zurich also offered a further £800 in compensation for the distress and inconvenience Mr D had experienced, in addition to the £150 it had paid for this earlier in the complaint process. It also said it would consider paying a disturbance allowance and further compensation for the inconvenience Mr and Mrs D had experienced as a result of having to continue living in their home in such a damaged state.

Mr D had made it very clear to Zurich at the outset of the claim that he suffered from a disability and that he wanted a specialist contractor appointed to carry out the works to his home. Zurich did acknowledge this and agreed Mr and Mrs D were vulnerable consumers. And it even suggested putting in place a special process to assist them, but this never

actually happened.

Mr D also complained that Zurich's contractor breached data protection rules by providing their personal details to a sub-contractor, despite this contractor's involvement being totally unnecessary.

I issued a provisional decision on 9 October 2024, in which I set out what I'd provisionally decided and why as follows:

*I have considered the very detailed report provided by Mr D of what happened on his claim between January 2023 and January 2024 up to the point Zurich issued its final response letter, as this is the period I am considering. Having done so, I should start by saying I am appalled at Zurich's handling of the claim and the impact this has had on Mr and Mrs D.*

*As I see it Mr and Mrs D's home was uninhabitable due to the extent of the water damage and dampness this caused and they should have been provided with alternative accommodation from the outset. But this doesn't even appear to have been considered by Zurich. And Zurich didn't even consider it when it found out Mr and Mrs D's toilet ceiling had been removed and they had no light in their toilet; and about the impact this had on the temperature in their bathroom in particular. I find this very surprising indeed and I do not consider a payment for the inconvenience and a disturbance allowance was an adequate response to Mr and Mrs D being wrongly left in their home to endure terrible conditions. In fact, the conditions were so bad and having such a bad effect on Mrs D's health that in the end she had to move out. As I've said Mr and Mrs D should have been in alternative accommodation from the outset. This was bad enough in itself, but made much worse by the fact they didn't have a toilet with a ceiling or light from June 2023 onwards.*

*So, Mr and Mrs D had at the point Zurich issued its final response endured nearly a year of living in a property they should not have been living in. They also had to endure the terrible claim handling by Zurich which resulted in the first contractor being appointed never actually turning up to start the work. And then being taken off the job and a new contractor appointed. And, instead of just telling this contractor to do the work according to the approved schedule, Zurich incorrectly let it draw up a new schedule, which was then totally inadequate and caused Mr and Mrs D a huge amount of distress and inconvenience.*

*I also agree it was unnecessary for Zurich to pass Mr and Mrs D's personal details to a sub-contractor when all this sub-contractor did was measure a room that had already been measured. And, whether this was a breach of data protection regulations or not, it clearly caused Mr and Mrs D unnecessary distress and inconvenience.*

*I cannot really imagine the impact the whole process had on Mr and Mrs D, especially having to live in what I consider was an uninhabitable home for a long period of time, alongside the stress of dealing with the unacceptable change in contractor and then the unjustified change to a previously agreed schedule of works.*

*I am also conscious of the fact Mr and Mrs D are vulnerable and this means the impact was greater on them both. And I consider the impact on them both warrants a compensation payment at the top end of the awards we give where the insurer's mistakes cause sustained distress, potentially affecting someone's health and severe disruption to their daily life, typically lasting more than a year. And I think the level of distress and inconvenience could be argued as being in the category we describe as having had an extreme impact. In view of this, I consider the appropriate level of compensation for Mr and Mrs D to receive for distress and inconvenience is £5,000 overall. This obviously only covers the period from January 2023 when their home was first damaged to 9 January 2024 when Zurich issued its final response letter. Zurich can deduct the £150 it has paid in compensation as I take it this was*

*for distress and inconvenience, although it said it was as a goodwill gesture.*

*Zurich did also offer a further £800 in its final response, but it has never paid this. So, this means Zurich will need to pay Mr and Mrs D a further £4,850 in compensation for distress and inconvenience.*

*I do not consider it is necessary for Zurich to pay a disturbance allowance on top of this, as I doubt living in their home in its damaged state cost Mr and Mrs D much more than normal; it was just very distressing and uncomfortable for them. And – as I see it – a disturbance allowance is intended to cover the extra costs involved if someone stays in a hotel or they are without cooking facilities in their home for a short period.*

### **My provisional decision**

*I've provisionally decided to uphold Mr and Mrs D's complaint and make Zurich Insurance Plc pay them a further £4,850 in compensation for distress and inconvenience.*

I gave both parties until 23 October 2024 to provide further comments and evidence in response to my provisional decision.

Mr and Mrs D have responded to say they accept my provisional decision. Zurich has not provided any further comments or 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 Mr and Mrs D have accepted my provisional decision and Zurich has not provided any further comments or evidence by the deadline, I see no reason to depart from what I provisionally decided was the fair and reasonable outcome to Mr and Mrs D's complaint.

### **Putting things right**

For the reasons set out in my provisional decision, I have decided to uphold Mr and Mrs D's complaint and make Zurich pay them a further £4,850 in compensation for distress and inconvenience.

### **My final decision**

I uphold Mr and Mrs D's complaint and order Zurich Insurance Company Limited to pay them a further £4,850 in compensation for distress and inconvenience.

Zurich must pay the compensation within 28 days of the date on which we tell it Mr and Mrs D accept my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

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

Robert Short  
**Ombudsman**