

## **The complaint**

L complains that Zurich Insurance PLC caused delays in settling its commercial property insurance claim.

Reference to Zurich includes its agents.

## **What happened**

L holds a commercial property insurance policy with Zurich. When its property suffered a leak, it made a claim to Zurich for the damage caused.

L complains about how Zurich has handled that claim. It's said it's caused delays, which in turn have caused it to suffer a financial loss. It thinks Zurich should compensate it £50,000.

Zurich didn't think it caused any significant avoidable delays and said L wasn't insured for consequential losses. It said in hindsight it could have appointed an alternative surveyor at an earlier stage but was satisfied it's decisions were reasonable at the time.

L didn't agree and brought its complaint to us.

One of our Investigators didn't think we should uphold the complaint. They thought there were delays from both L and Zurich but didn't think Zurich caused any substantial avoidable delays. They thought L wasn't insured for the losses it was claiming for under the policy. Ultimately, they didn't think Zurich need to do any more.

L didn't agree and asked for an Ombudsman's decision.

It's worth noting at this point that this complaint only covers events after 22 February 2023 - events prior to that have already been considered by us – up to Zurich's final response letter in November 2023.

## **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.

Having done so, I'm not upholding it.

I've considered everything that I've been provided, but in line with our Service's approach, I'll not be commenting on each and every argument or piece of evidence, rather, I'll focus on what I believe to be the key issue.

- Under section A, L's policy covers it for damage caused by an escape of water but doesn't cover it for consequential losses of any kind. There's a specific exclusion which says *"In respect of Section A consequential loss of any kind or description except as provided for under clause R1 – Alternative Accommodation and Loss of Rent"* Clause R1 only relates to residential dwellings, so isn't applicable here.

- But, simply because the policy doesn't insure L for any consequential losses, that doesn't mean Zurich isn't responsible for any. There's a distinction to be drawn between insured losses, and losses caused by any action or inaction on Zurich's part.
- What this means is that while L isn't insured for consequential losses under the policy, if anything Zurich did or didn't do has caused it to suffer a loss, Zurich would need to put that right.
- But here, I'm not persuaded that - in the scope of the complaint I'm looking at – Zurich did cause any significant avoidable delay.
- Much of the delay was caused while Zurich carried out investigations into the validity of the claim. As our Investigator pointed out, Zurich has acknowledged it could have appointed a different loss adjuster sooner, and this may have eliminated some of the delay caused by the investigations it carried out. But at the time, they thought the investigations were valid – and I agree that's reasonable. And even though these investigations ultimately came to nothing, and it was agreed the claim could proceed, they were investigations Zurich was entitled to take.
- Some of the delay was caused by Zurich needing information or input from L itself – which I can't fairly hold Zurich responsible for.
- Once the investigations were completed, a new loss adjuster was appointed and from that point, from what I've seen, it looks like the claim progressed reasonably, with action being taken regularly.

### **My final decision**

For the reasons set out above my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 7 February 2025.

Joe Thornley  
**Ombudsman**