

## **The complaint**

Mr and Mrs M complain about Zurich Insurance PLC's handling of a claim under a buildings insurance policy.

## **What happened**

In summary, Mr and Mrs M own a property they rent to tenants. The building was insured with Zurich under a block policy provided through the council. Mr and Mrs M were notified of a water ingress problem in June 2023 and contacted Zurich for assistance. They raised a subsequent complaint to Zurich about the service and quality of repairs. Zurich responded on 22 September 2023. It paid Mr and Mrs M £250 compensation to resolve this complaint.

Mr and Mrs M raised another complaint to Zurich in October 2023. They noted further service problems and issues with repairs. Zurich had completed the repairs in October 2023, and Mr and Mrs M asked it to pay them £1,620.66 in compensation. This was for the distress and disruption caused to them, their tenant for being without a shower for several days, damage to their reputation, and the likely impact the higher claim costs could have on future premiums. They also asked Zurich to inspect the repairs for peace of mind and provide a two-year warranty.

Zurich responded to the complaint on 23 January 2024 not upholding it. It said, in brief, it didn't agree further compensation was due but apologised for failing to manage Mr and Mrs M's expectations regarding the recovery of costs from previous contractors and the lifetime of the repair warranty. Mr and Mrs M remained unhappy, so they approached our Service for an impartial review.

An Investigator thought the complaint should be upheld in part and recommended Zurich pay Mr and Mrs M £150 compensation. Mr and Mrs M didn't agree, so I must 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.

There is substantial correspondence for this complaint. I have read it all. I don't intend to go into the level of detail which has been commonplace so far. I will focus on all of the material issues in order to determine this complaint in accordance with what I consider to be a fair and reasonable outcome. This isn't meant as a discourtesy. It simply reflects the informal nature of our Service.

In this decision, I've only considered Mr and Mrs M's second complaint it raised to Zurich, which was responded to by it on 23 January 2024. Having done so, I've reached the same overall conclusions to that of the Investigator, for the same reasons. I say this for the following key reasons:

- Zurich ought to have provided Mr and Mrs M with a more appropriate level of customer service. They let Mr and Mrs M down here (and by extension – their tenant

was also inconvenienced). They experienced delays, a lack of expectation management, concern for their tenant while without a shower for several days (which they say caused some relationship strain) and had to make additional effort and contact with multiple parties to get matters resolved. I acknowledge this was a difficult and disruptive time for Mr and Mrs M. Therefore, it follows I find some compensation is due.

- Mr and Mrs M have mentioned some harm to their reputation as responsible landlords with the parties involved in this claim. But with regards to reputational damage, I've seen no compelling evidence that demonstrates their reputation suffered as the result of Zurich's service failings over this period, such as suffering a direct financial loss. Therefore, it follows I don't require Zurich to compensate Mr and Mrs M for this.
- They've asked Zurich to compensate their tenant for the inconvenience they experienced. Their request is understandable – the tenant was without shower facilities for several days, which I've no doubt would have been inconvenient and disruptive. But the contract of insurance was between Mr and Mrs M and Zurich. The tenant is not an eligible complainant in this matter. It follows that while I understand Mr and Mrs M's request, I won't be requiring Zurich to compensate their tenant because I don't have the power to do so.
- Within its final response, Zurich apologised for failing to manage Mr and Mrs M's expectations regarding the lifetime of the repair warranty. It offered a 12-month warranty which I think is fair because, in my experience, a 12-month warranty is not uncommon, nor do I find it unreasonable. Ultimately, Zurich were required to provide Mr and Mrs M with a lasting and effective repair, which I am satisfied it did in October 2023, in the absence of any evidence to the contrary. It follows I won't be requiring Zurich to take any further action in this respect.
- Mr and Mrs M received a letter from the council about this insurance policy in August 2023. It said Zurich were withdrawing from providing the block policy. A six-month renewal option was offered, and this came with an increased premium, which was said to be due to the rising number of claims against the block policy, the cost of the same, and due to an increase in the sum insured. It's ultimately for an insurer to determine the risks its prepared to insure, and so I don't find Zurich treated Mr and Mrs M unfairly when opting to withdraw from cover.
- Mr and Mrs M have said Zurich failed to pursue the previous contractors for the recovery of monies for this claim (due to poor repairs). Zurich told Mr and Mrs M it would provide details about any recovery process (whether this would be taken forward), the challenges surrounding the same, and it apologised for failing to manage their expectations. I find that was a reasonable response to manage Mr and Mrs M's expectations and apologise for failing to do this adequately prior to this.
- They also asked Zurich to pay them £500 compensation for any future increase in insurance premiums due to the higher claim costs, amongst other things. I don't find that's fair. I say this because the future cost of insurance will vary depending on an insurer's appetite to risk and many other factors. I don't find – in the absence of any evidence to the contrary – Mr and Mrs M have been financially disadvantaged to the sum of £500 they're requesting to be paid on their premiums as a direct result of the costs associated with this claim. It follows I won't be requiring Zurich to pay further compensation.

- It should also be noted that this policy was a block policy. As such, factors taken into consideration will also include the history and risk presented by other beneficiaries – not just Mr and Mrs M – when setting a price for the insurance. Therefore, as mentioned above, I find Zurich acted reasonably when declining to pay Mr and Mrs M £500 compensation for any future premium increases.

In concluding, I find Zurich were responsible for service failings. These caused Mr and Mrs M distress, inconvenience, and disruption. It follows I find £150 compensation to be fair and reasonable.

I accept my decision will disappoint Mr and Mrs M. But my decision ends what we – in attempting to informally resolve their dispute with Zurich – can do for them.

### **Putting things right**

Zurich Insurance PLC has already paid this amount to Mr and Mrs M. So, it follows I don't require Zurich to take any further action.

### **My final decision**

My final decision is I uphold the complaint. As the settlement was completed prior to my decision, it follows I don't require Zurich Insurance PLC to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 11 June 2025.

Liam Hickey  
**Ombudsman**