

## The complaint

Mrs P complains about the way Zurich Insurance PLC trading as Zurich Municipal has handled a claim she made on a home insurance policy which provides cover for her property.

## What happened

In 2021 Mrs P made a claim on a Zurich home insurance policy which covers her leasehold property. She said water had been allowed to get into the property as a result of issues with a flat roof on the building.

Zurich accepted the claim but said the roof needed to be repaired by the freeholder, before any internal repairs could be carried out.

In late 2022, with little progress being made, Mrs P complained. Zurich issued complaint final response letters (FRLs) in February and December 2023. In the February FRL Zurich accepted it had not handled matters proactively, which had led to unnecessary delays. It offered £500 compensation to recognise the impact of that. The freeholder's repairs were completed by that point and the freeholder had also, seemingly, carried out some internal repair works. So Zurich offered £6,000 as a cash settlement for the remaining reinstatement works. Or it said it would do the works if Mrs P preferred.

Mrs P was unsatisfied with this response and referred the initial complaint to the Financial Ombudsman Service in June 2023. She was unhappy Zurich had left her in the property without providing alternative accommodation (AA). She said her boiler hadn't been working from June 2021 until March 2022, when she'd paid for it to be replaced.

In December 2023, before we'd reviewed matters, Zurich issued a further FRL. This said it had reviewed photographs of the property from June 2021, showing it in a poor state as a result of the water ingress. It said as the freeholder of the property had carried out repairs in May 2022, it would offer a £10,000 disturbance allowance to account for the period between when the claim was made, and those repairs were completed. It also offered an a further £750 compensation.

Unsatisfied with the outcome, Mrs P asked us to consider both complaints.

Our Investigator thought Mrs P had referred the first FRL from February 2023 too late, so said we couldn't consider it. She said she'd look at matters from after the February 2023 FRL.

Our Investigator had noted that in September 2024, a further claim had been made under the policy in relation to another possible leak. Mrs P said the matter still hadn't been resolved and she remained unhappy with how Zurich has handled matters. Our Investigator asked Zurich for its consent to consider matters that had happened since its December 2023 FRL. Zurich wouldn't agree to that. It said it hadn't received any further complaints from Mrs P since its previous December 2023 response. It said as Mrs P was unhappy, it would consider a further complaint. As such our Investigator explained to Mrs P that she'd only considered matters from February 2023 until December 2023.

Having done so, she thought Zurich had made a reasonable offer of a disturbance allowance of £10,000, given Mrs P hadn't provided any costs she'd incurred as a result of her saying

she'd had to move out of the property due to it being uninhabitable. She also thought, for the time period she was considering, £750 compensation for delays caused by Zurich was fair and reasonable.

Mrs P asked for an Ombudsman to consider matters. She also felt both of her complaints, for which she'd already received FRLs, should be reviewed by this Service.

In May 2025 I issued a provisional decision, I said I intended to decide that the complaint responded to in the February 2023 FRL had been referred to this Service in time. And so, both that complaint and the only responded to in December 2023, could be considered by this Service. I then set out my provisional findings in respect of both of those two complaint responses. A copy of what I said is below:

*Should Zurich have arranged AA when the claim was reported?*

*Initially it seems Zurich was satisfied the property was habitable in 2021. But I note in its December 2023 FRL it accepted that "the original images do show your property to be in a state of deterioration prior to [reinstatement works by the freeholder] due to the water ingress". So I think it now accepts that – whether the boiler was working or not – alternative accommodation should've been provided from when the claim was made in June 2021. But it said given the work carried out by the freeholder in May 2022, it was satisfied the property was habitable at that point. As such Zurich said it would offer a disturbance allowance of £10,000 for the eleven-month period where she stayed in the property.*

*Having considered matters, I intend to decide this is a fair offer for Zurich to make. It did ask if Mrs P had paid for any AA herself during this period; she didn't confirm that she had or provide any costs for Zurich to consider. And whilst a disturbance allowance isn't a right under Mrs P's policy, if a consumer – so in this case Mrs P – has been unfairly left in an uninhabitable property often insurers will (and its good industry practice to do so) pay a disturbance allowance, of generally £10 per day, to account for the inconvenience or extra costs that might be incurred by living in such a property. Usually this is where cooking or washing facilities aren't available.*

*Zurich has paid Mrs P £10,000 for the eleven months she was living in a possibly uninhabitable property. So following the industry practice, if it had offered her £10 per day for that period, that would've amounted to an offer of around £3,300. And even if I consider Mrs P's child was also entitled to the disturbance allowance for the period (which is usually paid at £5 per day) this would mean a payment owed of around £5,000. Which means Zurich's offer of £10,000 is still well above a disturbance allowance that would generally be paid.*

*But clearly, as Zurich accepts the property was in a poor state as a result of the water ingress, I think it's also appropriate that it pays compensation for the unnecessary upset and inconvenience caused to Mrs P by leaving her in that property for that period of time. I consider its effectively global offer of £10,000 does account for the unnecessary distress and inconvenience it caused in this respect. This Service rarely makes awards of compensation in excess of £5,000, and where we do, it's generally where sustained distress has impacted daily life for more than a year, which isn't the case here. So I intend to decide Zurich's offer of £10,000 for Mrs P being in the property between June 2021 and May 2022 is fair and reasonable.*

*Boiler issue*

*Mrs P has said she was without a working boiler until she replaced it around March 2022. In its December 2023 FRL, Zurich said it didn't consider the boiler had been damaged by the ingress of water related to the claim. It said it would consider a further disturbance allowance from May to December 2022 if Mrs P could provide anything to support that the boiler was damaged by the water ingress reported in June 2021.*

*I don't know why Zurich has made this offer, since it seems to me Mrs P told Zurich in March 2022 that she'd had the boiler replaced. It's possible there were further issues between May and December 2022 with the boiler which I haven't seen. In any event, my role is to decide if that's a fair offer from Zurich. Having reviewed the available evidence, I don't think it's most likely that the boiler was damaged by the initial water ingress, which means I don't think Zurich needs to do more in relation to the boiler.*

*Mrs P says when she reported the claim in June 2021, she informed Zurich that the boiler wasn't working as a result of the water ingress from the roof. She says this was then fixed by her in March 2022, but there was a nine-month period where she was without a working boiler. Zurich says it doesn't have any record of Mrs P saying she was without heating, and when its loss adjuster first visited in 2021, he would've made a note if Mrs P was without heating as a result of the insured damage. I can see much later on in the claim, Zurich asked Mrs P if she had anything to show she'd informed it of a boiler issue, Mrs P said she did have proof she'd raised it, but that she wouldn't provide it, as she'd prefer to send it to her solicitor.*

*I will of course take into account any further evidence Mrs P wants to provide in response to my provisional findings. However, based on what I currently have, I think Zurich's offer to consider a further payment, if she can provide evidence the boiler was damaged by the water ingress related to the claim, is a reasonable one.*

*Mrs P has also said Zurich should pay her for her having to replace the boiler herself, but she hasn't as far as I can see, provided anything to support what she paid for its replacement. She says she wasn't provided with an invoice, but she hasn't given any more details as to who paid for it, how it was paid for or who installed it. As such I don't think it's unreasonable that Zurich hasn't paid her an amount for the boiler. It firstly isn't satisfied it was damaged by the insured event, and even if it was, it has no information as to Mrs P's loss in relation to its replacement. Unless she can provide more detail to Zurich, I don't intend to require it to pay Mrs P any amount for the boiler.*

#### *Handling of the claim between 2021 and February 2023 and Zurich's settlement offer*

*Whilst the above covers the issue of AA, I've separately considered Zurich's general claim handling up until its February 2023 FRL, as well as the reinstatement offer it made. The claim was reported in June 2021, by the time Mrs P complained in late 2022, there had been virtually no progress with her claim.*

*Zurich accepted in its February 2023 FRL that it hadn't handled matters as proactively as it should've done. It offered £500 compensation to recognise the unnecessary trouble and upset this caused to Mrs P. So because it's not in dispute that it could've handled matters better, I'm not going to go into detail about every instance it could've been more proactive. Instead, I'll focus on whether I consider £500 to be a reasonable amount to recognise the impact of the delay.*

*Whilst I'm not going to go into detail as I've set out above, some context is Mrs P raised a claim for water ingress in June 2021. The damage in her home was caused by an issue to a flat roof, it was the responsibility of the freeholder to resolve that issue, and Zurich said it couldn't carry out the necessary internal repairs until those works had been completed. I don't consider, in 2021, that was an unreasonable stance for Zurich to take. In June 2022 Zurich's claim notes say the freeholder had confirmed that roof repairs still hadn't taken place, this was around a year later. But I don't consider this delay was down to Zurich.*

*I might consider that it was unreasonable, with no progress after a year, for Zurich to not go ahead with some temporary repairs at that point. However, I note that around the same time (June 2022), Mrs P told Zurich the freeholder had carried out some internal repairs to her property. I can see Zurich tried to establish what these were for and why the freeholder had carried them out given Mrs P was the leasehold owner of the property. I can't see that the*

freeholder or Mrs P was able to explain this, and it undoubtedly caused some confusion to Zurich.

All of this means I think it was reasonable Zurich didn't step in with any temporary repairs at that point. Especially when it seemed Mrs P was unhappy with the work of the freeholder, and what it had done. I think Zurich rightly told Mrs P that any issues with the freeholder's work would need to be raised with it; it wouldn't have any involvement in that.

In November 2022 it was confirmed that the roof was repaired. Zurich made an offer, in February 2023, to settle the claim. It said it could carry out the necessary claim-related repairs, or it would cash settle for £6,000.

Mrs P hasn't accepted those offers, but I can't see that she's provided anything which makes me think that was an unreasonable offer for Zurich to make. It seems Mrs P has refused to accept it as she considers the freeholder has carried out some repairs for her, and so she feels Zurich is benefiting from a lower claim payout as a result of the freeholder's actions.

I accept it's possible the freeholder's actions have reduced the amount of reinstatement Zurich needs to do, but I can't see Mrs P has lost out as a result of that. She hasn't, for example, said that the freeholder has asked her to pay for repairs it carried out. And Zurich didn't ask, or even know, that the freeholder was doing internal repairs. So I can't fairly ask Zurich to increase its claim payout to Mrs P for works that no longer need to be carried out.

And whilst I consider it could have progressed matters quicker at points, it's clear not all of the delay was down to any failures of Zurich. As such I intend to decide that £500 compensation for delays in that period until February 2023, was fair and reasonable.

I also intend to decide that Zurich made a reasonable offer, in February 2023, to resolve the insured damage in the property at that time. It seems to me that even with new issues reported to Zurich in 2024 – which I'm not considering in this decision – that Mrs P still has this offer (of repairs and the disturbance allowance payment) open to her to accept.

#### Handling of the claim between February 2023 and December 2023

Having made its offer of £6,000 for the necessary repairs, Mrs P said she felt there was still water getting into the property and she was concerned about moisture and damp. She said as a result, her son, who has a neurodiversity, hasn't been able to live with her. She felt alternative accommodation still needed to be offered as of February 2023.

Zurich was satisfied that the moisture levels in the property were normal and there was no risk to Mrs P, or her son, living there. It said a drying report, carried out after the roof was fixed, confirmed the moisture levels in the property were normal. Having considered matters I don't think that was an unreasonable position for Zurich to take. Whilst repairs were still outstanding between February and December 2023, that doesn't mean the property was uninhabitable. The reinstatement works needed are largely related to redecoration of water damaged areas. I don't consider the property to be uninhabitable as a result of those, or unsafe to live in.

Zurich did, in response to Mrs P's complaint, offer £750 compensation for it not being forthcoming in its communication between February and December 2023. I intend to decide that is a fair and reasonable offer by Zurich. Zurich accepts it should've responded better to Mrs P during this period. I'm satisfied an additional £750 compensation was reasonable to recognise the distress and inconvenience caused by its failure in this area.

Neither party provided any response to my provisional decision. I have issued a separate decision in which I confirm that I can consider, and so have considered, the merits of the complaints responded to in the February 2023 and December 2023 FRLs.

#### **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 neither party has provided any more points or evidence for me to consider, having reviewed matters again I see no reason to depart from my provisional findings. As such my provisional findings are now those of this, my final decision.

### **My final decision**

My final decision is that Zurich Insurance PLC trading as Zurich Municipal has already made reasonable offers to settle the complaints responded to in FRLs of February and December 2023. As such my final decision is that Zurich needs to:

- Pay Mrs P £10,000 as a disturbance allowance for the period she says she was without a working boiler.
- Pay Mrs P a total of £1,250 compensation\* for delays and poor communication in the claim.
- Pay Mrs P £6,000 for repairs needed to the property as a result of the claim raised in 2021. Or, Zurich will need to reinstate the property, as offered, if Mrs P would prefer.

\*Zurich Insurance PLC trading as Zurich Municipal must pay the compensation within 28 days of the date on which we tell it Mrs P accepts 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

Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require Zurich to take off tax from this interest. If asked, it must give Mrs P a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 30 June 2025.

Michelle Henderson  
**Ombudsman**