

The complaint

Mr E has complained about the way Zurich Insurance Company Ltd handled a claim he made under his buildings insurance policy for subsidence.

Reference to Mr E or Zurich includes their respective agents and representatives.

What happened

The circumstances aren't in dispute, so I'll summarise the background:

- In preparation for building work at his property, Mr E's contractor discovered an underground structure. Mr E's engineer said there may be potential ongoing movement. Mr E got in touch with Zurich to make a claim in January 2024. Zurich appointed a loss adjuster, G, who inspected the damage.
- Around the same time, Mr E made a separate claim for damage to a barn following strong winds. Zurich also appointed G to inspect this damage. It thought the barn appeared to be under construction at the time of the damage. Mr E said construction had been completed the day before the strong winds and damage.
- In late February, Mr E complained about a delay to the barn claim.
- After that, G declined the subsidence claim. It said the only area of crack damage it identified was longstanding, not caused by subsidence, and not ongoing. And Zurich carried out further investigations into the barn claim.
- In June 2024, Mr E asked Zurich for updates on both claims. It said the subsidence claim had been declined and its investigation into the barn claim was ongoing.
- Later in June, Zurich responded to Mr E's complaint about the delay to the barn claim. It said it was "unable to provide an accurate indication of if and when [Mr E's] claim is likely to be settled".
- In September 2024, Mr E raised a new complaint. In summary, he said both claims had been delayed and should be addressed promptly. He referred the matter to this Service soon after.
- Our investigator considered the first complaint Mr E made – which was limited to the way the barn claim has been handled, up to and including Zurich's complaint response in June 2024. She thought it had acted fairly.
- Mr E didn't think this was a fair outcome. He said the barn claim remained outstanding and had taken too long. He also said he disagreed with Zurich's decision to decline his subsidence claim.
- An agreement wasn't reached, so the complaint has been passed to me.

- Zurich responded to the second complaint in November 2024. It said investigations into the barn claim were ongoing and there hadn't been any avoidable delays.

My provisional decision

I recently issued a provisional decision in which I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

- I'll start by setting out the scope of this complaint.
- When Mr E originally referred his complaint to this Service, he'd received a response to his first complaint – about delays to the barn claim only. He hadn't received a response to his second complaint and Zurich's timescale for a response hadn't elapsed. So at that point, we could only consider the first complaint – which is what our investigator did.
- Zurich later responded to the second complaint and it's clear Mr E is unhappy with that response. So I think it would be beneficial to both parties for me to also consider the second complaint as part of this decision.
- I understand Mr E has since made a third complaint. Zurich is yet to provide its response, so I don't think it would be beneficial for me to consider that. If Mr E is unhappy with the response, he's entitled to refer the matter to this Service.
- That means there are two claim matters for me to consider – the subsidence claim and the storm claim, up to November 2024. I'll consider each separately.

Subsidence claim

- Zurich declined the subsidence claim because it said there was no evidence of subsidence or recent damage. I'm satisfied dealt with the subsidence claim fairly. I'll explain why.
- The policy covers damage caused by subsidence. It defines 'subsidence' to mean: "downward movement of the ground beneath the buildings other than by settlement".
- Mr E initially provided comments from his engineer. In summary, they said:
 - They inspected the underground structure which was discovered during recent work. There were signs of deterioration and missing bricks.
 - Given the wider building work Mr E had planned, and "the potential and expected historical and ongoing movement of the property", it would be wise to fill the structure in and carry out other work above ground.
- G also inspected the damage. In summary, it said:
 - It didn't identify any damage indicative of subsidence.
 - The only damage it found was longstanding and accompanied by historic distortion and prior repairs.

- Taking these reports together, I don't think either professional has positively identified any damage caused by a current subsidence problem. Whilst Mr E's engineer referred to 'ongoing movement', they didn't say that movement was subsidence – or that it had caused any damage. Their comments were focused on providing recommendations for how to deal with the unexpected discovery of an underground structure during other work – not on damage or diagnosing its cause as subsidence.
- Bearing in mind the policy cover noted above, I'm satisfied it was fair for Zurich to decline Mr E's subsidence claim. Put simply, there's no evidence of subsidence, or damage that might have been caused by subsidence. So the cost of dealing with the underground structure isn't covered by the policy.
- Mr E made his claim subsidence in late January and received a response in early March, between which G inspected the damage. I'm satisfied this was a reasonable timescale and communication with Mr E was reasonable during this time.

Storm claim

- The policy covers damage caused by storm. Zurich hasn't disputed there were storm force winds at the relevant time. But it had a number of queries about the circumstances and cause of the damage. There were two notable queries.
- Firstly, Mr E said the barn was newly constructed and had been completed the day before the strong winds caused damage. Zurich queried whether the construction had indeed been completed – and, if so, how significant damage was caused.
- Secondly, Mr E had recently arranged for a new barn to be constructed and for other significant building work to the main house – but Zurich hadn't been informed of any of this when the policy had been taken out in July 2023, around six months earlier.
- As a result, Zurich appointed G to look into the matter. A loss adjuster and a surveyor visited and, by March 2024 had reported back to Zurich.
- I'm satisfied these were reasonable enquiries for Zurich to make, and it did so reasonably promptly and with reasonable communication up to this time.
- After March, investigations continued up to the second complaint response in November 2024. Whilst I think it would reasonably have taken some time to complete investigations into the queries I noted above, I haven't been persuaded it was reasonable for Zurich to take as long as this. And I haven't been persuaded Zurich provided Mr E with clear communication during this time either.
- Zurich is required to handle claims promptly and fairly. I'm not satisfied the evidence before me shows Zurich fulfilled that requirement in relation to the storm claim. As a result, it's clear Mr E has suffered avoidable distress and inconvenience.
- In the circumstances, I consider Zurich should pay £500 compensation.
- My consideration is up to the November 2024 complaint response only. I haven't considered any matters after that time.

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.

- Zurich didn't respond to my provisional decision. So I understand it has no further comment or challenge to make, and is prepared to pay £500 compensation.
- Mr E responded to my provisional decision to provide further comments. I've read and considered them all. But I won't respond to them all directly. I'll focus on what I consider to be the key points to this dispute, bearing in mind the scope of the complaint I established in my provisional decision.
- In relation to the subsidence claim, Mr E said there was 'now observable and structural movement within the property'. I haven't seen any professional opinion to support this or to challenge the comments of the professionals I considered in my provisional decision. So I'm not persuaded to change my findings on this point, based on the available evidence. Mr E is entitled to take professional advice and share any further evidence with Zurich for consideration if he wishes.
- My consideration of the storm claim is limited to events up to the November 2024 complaint response. By that time, Zurich hadn't reached an outcome for the claim because investigations were ongoing. In principle, I'm satisfied Zurich was entitled to investigate the circumstances of the claim, including the queries noted in my provisional decision. It had a duty to do so promptly and fairly, and I'm not satisfied it fulfilled that duty – that's why I said it should pay compensation.
- Mr E said he'd suffered significant distress due to the way Zurich had handled the claim, though he didn't indicate whether he thought £500 was fair and reasonable compensation. His comments didn't change my understanding of the circumstances. So I remain satisfied £500 is fair and reasonable.
- I know Mr E would like me to require Zurich to reach an outcome for the claim – or potentially to require Zurich to settle the claim. But I don't think it would be appropriate, or fair and reasonable to both parties, for me to do that at this time. Claim investigations continued beyond the scope of this complaint. And a third complaint was made – which, at the time of writing my provisional decision, hadn't been responded to. As a result, there's relevant information beyond the scope of this complaint that I can't take into account. I don't think it would be right for me to make a finding about the position of the claim in these circumstances. Because of that, I won't comment on points Mr E made about this point. He's entitled to refer the third complaint to this Service if he wishes.
- Overall, for the reasons given, I remain satisfied the findings I reached in my provisional decision are fair and reasonable in the circumstances.

My final decision

I uphold this complaint.

I require Zurich Insurance Company Ltd to pay £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 10 July 2025.

James Neville

Ombudsman