

The complaint

Mr S and Mrs S are unhappy with the service provided by Zurich Insurance Company Ltd following a claim made on their home insurance policy.

Mr S and Mrs S are both party to this complaint. Mr S has primarily dealt with this Service. For ease of reference, I have referred to Mr S throughout this final decision.

Zurich is the underwriter of this policy. Part of this complaint concerns the actions of third parties instructed on the claim. Zurich has accepted it is accountable for the actions of third parties instructed by it. In my decision, any reference to Zurich includes the actions of any third party instructed by Zurich during Mr S's claim.

What happened

The facts of this complaint are well known to Mr S and Zurich. So, I haven't repeated them in detail here.

To summarise, Mr S made a claim to Zurich around July 2021 after discovering some cracking in his home. Zurich completed some monitoring but the Council didn't accept this as being enough to support an application to remove a lime tree which had been noted as being the likely cause of damage.

After several unsuccessful applications to the Council, Zurich put the Council on notice for any future damage. Zurich told Mr S that repairs to his home would continue as there wasn't anything further it could do.

Mr S complained about Zurich's decision to move to the repair stage. He didn't think putting the Council on notice was reasonable in the circumstances. Zurich agreed its claims handling had been poor in parts and offered Mr S compensation in recognition of this.

Mr S was unhappy with this response and asked for the Financial Ombudsman Service to consider his complaint. The Investigator found that the compensation offered by Zurich didn't go far enough in recognising the upset caused to Mr S. The Investigator recommended Zurich pay Mr S total compensation of £1,050. This was because the scope of the complaint had changed up to and including Zurich's most recent final response letter of January 2025. The Investigator also said Zurich should complete a period of further monitoring to ensure the property is stable before moving onto the repair stage.

Zurich accepted the Investigator's findings. Mr S rejected the Investigator's findings. As the case couldn't be resolved, it has been passed to me for final decision.

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 reviewed the evidence, I agree with the Investigator's outcome on this complaint for broadly the same reasons. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it has affected what I think is the right outcome.

I've carefully considered Mr S's comments about the impact on him and his family. I'm empathetic to all that Mr S has explained, and I would like to thank Mr S for taking the time to share this information with me. As I understand this cannot be easy to share.

I'm mindful that a claim like this can involve a degree of upset and frustration because of the very nature of what has happened. And although Zurich hasn't handled the claim the way it should've, I still think Mr S would've been caused upset and stress because of the inconvenience of making an insurance claim and waiting for the periods of monitoring and Council applications to progress and conclude.

I know Zurich could've been more proactive in how it managed these steps. But I can only direct it to pay compensation for the impact on Mr S because of its failings on the claim. I've balanced Zurich's poor claims handling with the protracted nature of making a subsidence claim and waiting for remediation to be completed- which is often a lengthy and cumbersome process. I recognise that this is a finely balanced exercise. But having considered what has happened, I'm broadly satisfied £1,050 is fair and reasonable compensation for what went wrong with the handling of the claim, and impact on Mr S.

Mr S has explained that his claim remains open, and unresolved. Mr S has provided a summary of issues that are impacting him to date. This includes Zurich's continued lack of progression of the claim, and uncertainty in knowing what when repairs will be completed. Zurich accepted the Investigator's findings that asked it to continue monitoring for a greater period of time to enable it to properly consider whether the property is stable, and if not, appropriate remediation steps for any issues. This would also provide more substantial evidence to support a further application to the Council, if needed.

I note Mr S's objections to this. Mr S says Zurich should move the claim straight to the process of underpinning. I've carefully considered Mr S's comments and compelling testimony about why Zurich should move the claim this stage. I recognise how long Mr S has been waiting for the subsidence issue to be properly considered and fully resolved. But I agree with the recommendation for Zurich to continue with further monitoring. I recognise Mr S will be disappointed by this. But let me explain why.

Looking at what Zurich has done already, it's fair to say its monitoring hasn't been consistent or relative to what we'd expect on a subsidence claim, even though this process has been on-going for some time.

There were periods of monitoring that might've provided more evidence of the likely cause of damage and its impact, especially during seasons when subsidence is more likely to have an impact on any nearby properties. Zurich didn't monitor consistently during this period for any substantive readings to be taken. I'm persuaded further monitoring, particularly in the spring/ summer months, is likely to provide more accurate and compelling readings, to understand the extent of any movement, and its impact (if any).

I recognise Mr S's reluctance with this next step. And I am mindful that this will mean adding more delay to the claim. But a further period of controlled monitoring will provide the evidence needed to determine whether the property is stable, and if not, compel Zurich to progress with the claim using any evidence from the monitoring period to inform next steps.

Zurich must act promptly after the period of monitoring is complete in deciding next steps. This will likely mean one of two options. Either that the monitoring confirms Zurich's current position that the property is stable, or that the property isn't stable and remediation needs to happen before any repair work begins at the property.

Should the period of monitoring indicate that the property isn't stable, we'd expect Zurich to attempt a further application to the Council. And to do this at the earliest opportunity. Zurich will need to stay actively engaged in chasing a response to ensure timely progression of this application.

In the event that the Council rejects the application, Zurich must act promptly in deciding how to deal with the outcome of the monitoring period, in a way that doesn't involve the Council. At this time, we'd expect the option of underpinning to be a serious consideration given the length of time the claim has already been going on for- largely due to Zurich's poor monitoring when it had the chance. We'd expect Zurich to provide comprehensive and compelling reasons to justify the course of action it deems appropriate.

Zurich must ensure that any future decisions made on the claim recognise the lengthy delays already incurred and seek to resolve matters as effectively and efficiently as possible, with Mr S's interests at heart. This is particularly important given the avoidable delays on the claim that Zurich is responsible for when it failed to complete consistent and frequent monitoring when it had the chance.

I recognise that Mr S's claim remains open, and unresolved, and there remains uncertainty about what might happen next. I also recognise my direction for putting things right doesn't conclude matters for Mr S. But having considered everything, I'm satisfied this decision goes far enough in addressing the issues central to this complaint and provides enough recommendations for all parties to have a clear understanding about what should happen next, and what is expected of Zurich when handling Mr S's claim going forward.

I note Mr S has raised concerns with how he has lost confidence in Zurich's ability to manage his claim, and any decisions it makes going forward. Mr S can complain again if he remains unhappy with how his claim is handled going forward. It is strongly recommended that Zurich take steps to progress Mr S's claim in a timely way from this point on.

Having considered everything, I'm persuaded further monitoring is the most effective option at this time to achieve the most lasting solution. So, I'll be asking Zurich to do this in line with my direction, whilst keeping in mind the recommendations from this final decision.

Should Mr S's home suffer any material damage between now and until the period of monitoring is complete, we'd expect Zurich to consider any temporary repairs needed in line with the policy terms.

Putting things right

Zurich Insurance Company Ltd is directed to:

1. Pay Mr S £1,050 for distress and inconvenience. If any amount of this compensation has already been paid, Zurich is directed to pay the outstanding amount only.
2. Complete a period of further monitoring which includes at least six months between the months of March to September 2026.

My final decision

For the reasons provided I uphold this complaint. Zurich Insurance Company Ltd must follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 23 October 2025.

Neeta Karelia
Ombudsman