

The complaint

Mr V and Mrs A complain about the settlement of their buildings insurance claim by Zurich Insurance Company Ltd ('Zurich').

Zurich are the underwriters (insurers) of this policy, but much of Mr V and Mrs A's dissatisfaction is with Zurich's appointed agents. As Zurich have accepted responsibility for their agent's actions, any reference to Zurich in my decision includes the actions of their appointed agents.

What happened

The background to this complaint is well known to Mr V, Mrs A and Zurich. Rather than repeat in detail what's already known to both parties, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Following water damage to their property in April 2024, Mr V and Mrs A made a claim under their buildings insurance policy. The claim was accepted by Zurich. Mr V and Mrs A were moved to alternative accommodation whilst drying works took place. A cash settlement was later offered to allow works to be completed. This was accepted by Mr V and Mrs A.

In late December 2024, Mr V and Mrs A contacted Zurich to let them know of several issues with the property and the agents of Zurich. Primarily, they said the downstairs of the property was very cold. They said this was because an allowance for insulation hadn't been made in the scope of works the cash settlement was based on. Other issues were later raised including missing personal belongings and damage to furniture and household appliances.

Mr V and Mrs A were unhappy with Zurich's response to the complaint and they referred it to our Service for an independent review. Our Investigator considered the complaint but didn't recommend that it be fully upheld. As the dispute remains unresolved, it's been referred to me for a 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

I'm very sorry to hear of the impact of this claim event and the return to their property on Mr V, Mrs A and their family.

The scope of my decision

Our Service are not buildings experts. It's my role to decide if, on balance, Zurich have fairly considered the claim before offering a claim settlement in line with the policy terms.

What's at the heart of this complaint is whether Zurich made an appropriate allowance in their scope of works for the underflooring that's in dispute. Mr V and Mrs A say that the removal of the previous underfloor (which contained asbestos) removed a layer of insulation that wasn't replicated in the scope of works on which the cash settlement was calculated. As a cash settlement was accepted by Mr V and Mrs A, I won't be considering the actions of any privately appointed contractor who carried out works on their behalf.

This decision also won't address any complaint points raised after the final response letter dated 28 February 2025. For example, any issues around mould in the property and what chemicals may or may not have been used.

My key findings

Following our Investigators assessment, Zurich accepted the recommendation regarding damaged possessions:

"To put things right, the business should arrange for the items to be cleaned and repaired, If this is not suitable or possible, then the items should be replaced or reimbursed. £150 compensation should also be provided as an apology for the inconvenience and upset that has been caused..."

As it's not in dispute that some household items and furniture were damaged by Zurich's agents and based on what I've seen this is a fair resolution to this part of the complaint - I make no further finding in relation to this point.

The flooring dispute

It's not the intention of any insurance policy to place the customer in a better position than they were pre-loss event. Zurich say there wasn't previously any floor insulation, but Mr V and Mrs A say there was. I've carefully considered the evidence Zurich have said [bold added for my emphasis]:

*"The Bitumen glue underneath the tiles was the DPM and the tiles installed on top to finish the build ready for people to move in. Over the years in your home the **asbestos top tiles were tiled over with ceramic tiles and there intended use became a subfloor.** Had the ceramic tiles not been the top floor covering at the time of the incident, but the asbestos tiles had still been the top floor covering **we would have only covered the cost of the modern equivalent which is LVT** and this is generally cheaper than the install of ceramic tiles.*

*However, as the asbestos tiles were used as a subfloor **we ensured the screed to create the same base for the tiles was covered and the liquid DPM to ensure the moisture barrier lost with the removal of the bitumen was replaced....***

*...Marley tiles were used as a subfloor creating a level area for the ceramic tiles laid on top. Due to the claim the ceramic tiles had to be removed, and it was confirmed the glue contained asbestos. Once removed **the element of the Marley tiles were included in the schedule and the cost of screed was included to present the same subfloor as the Marley tiles did.** Confirmed they did not have insulation to begin with so this would not be covered to be put back."*

I find that there was previously another 'layer' that Mr V and Mrs A say may have been acting as insulation. But there wasn't what could traditionally be described as floor insulation. Due to the presence of asbestos, it was correct that the previous layer needed to be

removed. I find that Zurich made a fair allowance for an appropriate alternative in their scope of works. Below I've included what was there before and the replacement allowed for by Zurich:

Previous layer:	Scope of works allowance to replace:
Bitumen glue	Liquid DPM
Marlay tiles	Latex screed
Mortar	Mortar
Ceramic tiles	Ceramic tiles

It's very unfortunate that Mr V and Mrs A are unhappy with the thermal properties of the new floor, but as above, I'm satisfied Zurich made an adequate allowance for its' replacement. Mr V and Mrs A haven't shown with persuasive evidence that their contractors followed the scope of works as set out by Zurich. Any issue with the fitting of the new floor needs to be taken up with the third-party contractors appointed. I also note no evidence has been provided that Mr V and Mrs A's contractors questioned the suitability of the floor replacement prior to fitting it.

Finally, I note Mr V and Mrs A's reference to the scope of works not complying with buildings regulations. Zurich have said:

"Our claims team confirmed that there are no specific regulations for these floors, and there is no need to register the work with building regulations since the structural base floor was not altered."

I find their position to be fair and reasonable, and no persuasive evidence has been provided to undermine Zurich's position that their scope didn't allow for a lasting and effective repair. In any case, it was a private contractor on behalf of Mr V and Mrs A carrying out the works – not Zurich, and it'd be reasonably expected that any third party appointed to carry out works would seek out any applicable or relevant authorisation from any relevant authority before proceeding.

In summary, I don't uphold this part of the complaint, and I won't be directing Zurich to take any further action in relation to the flooring. Zurich have sufficiently demonstrated that they included an adequate replacement for flooring in the scope of works that the cash settlement was based on. The onus rests with Mr V and Mrs A to show that their contractor has followed the repair allowed for in the scope of works - and they've not done so.

Other complaint points raised

Some items of clothing were reported as missing by Mr V and Mrs A when they moved back into their property. It was positive that Zurich offered goodwill payment for these items. It wasn't unreasonable that when an increased settlement was requested, Zurich asked for proof of purchase to validate the loss. Mr V and Mrs A may have since resolved this issue, but if not they've the option of liaising further with Zurich about it.

Mr V and Mrs A also raised an issue with a gas leak. I'm very sorry to hear of the worry this caused them, but I'm also pleased to hear there weren't more serious consequences. It was reasonable that Zurich asked for further information about the impact and as it seems nothing was provided, Zurich took no further action.

My overall decision outcome will likely disappoint Mr V and Mrs A, but it ends our Service's involvement in trying to informally resolve this part of their dispute with Zurich.

Putting things right

Zurich Insurance Company Ltd accepted our Investigator's recommendation, but for completeness they will need to arrange for the relevant damaged items to be cleaned and repaired. If this is not suitable or possible, then the items should be replaced or reimbursed.

They will also need to pay Mr V and Mrs A £150 compensation as an apology for the avoidable inconvenience and upset that has been caused by their response to the damaged items issue.

My final decision

My final decision is that I partially uphold this complaint. Subject to Mr V and Mrs A accepting the decision before the deadline set below, Zurich Insurance Company Ltd will need to follow my direction as set out under the heading '*Putting things right*'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V and Mrs A to accept or reject my decision before 3 September 2025.

Daniel O'Shea
Ombudsman