DRN-5732518

The complaint

C complains about how Zurich Insurance PLC handled a claim it made on its landlord insurance policy.

Reference to Zurich includes its agents.

What happened

C owned the lease to a property and as such benefitted from an insurance policy with Zurich.

When the property suffered damage from the property above, C made a claim.

C made a complaint about how that claim was handled. That complaint was looked at by this Service.

Following that complaint, C told us it had further issues with Zurich and how it handled its claim. It said Zurich needed to reimburse it all it had paid for emergency works. C also said Zurich should be paying it for legal fees it incurred throughout the claim. C also said there were further costs including ground rent, council tax and freeholder expenses it thought Zurich should be paying it for.

Zurich agreed to pay for the ground rent, council tax and freeholder expenses, it also agreed to pay interest on that. It paid C £125 compensation and said it would cover 50% of the emergency work. It said the invoices weren't specific on what work was done and indicated some duplication of work. It questioned the timing of some of the invoices too. Zurich said it needed more information on what the legal fees related to before it could agree to pay any of them.

C didn't think this was fair and brought its complaint to the Financial Ombudsman Service. C also said it had fallen behind on mortgage payments, leading the property to be repossessed, causing it a loss (roughly £70,000 was deducted from the list price for the outstanding repairs).

Our Investigator ultimately recommended C's complaint be upheld. She acknowledged Zurich's concerns surrounding emergency works but thought overall C had shown it had suffered a loss and thought Zurich should reimburse them all. She thought however that Zurich's stance on the legal fees was reasonable. And she said the loss of value on the property relating to the outstanding repairs wasn't covered in the scope of this complaint – because C had asked Zurich to specifically not deal with that aspect and that it would raise it later (which C didn't do). She thought £125 compensation was reasonable.

C didn't think that was fair, it said Zurich could have contacted the solicitors itself to find out what the legal fees were in relation to. It says requiring it to do this will add further inconvenience to it.

Zurich didn't agree with our Investigator either. It maintained its concerns surrounding the emergency repair work and that more information was needed to validate that part of C's claim.

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 done so, I've come to the same outcome as the one reached by our Investigator. I'll explain why.

At this point it's important to note the scope of this complaint. Like our Investigator I'll not be looking at anything we've already assessed in the previous complaint. Nor will I be looking into C's claim that the unfinished repairs devalued its property – that will need to be a separate complaint.

What I'll be looking at is the reimbursement of the emergency work and legal fees, as well as the compensation offered.

Emergency repairs

Like our Investigator, I'm satisfied Zurich should cover the cost of these repairs as presented to it by C. I understand that to be £4,789.30.

I appreciate Zurich's concerns, but I'm satisfied that what C has presented to it is evidence of costs C has had to pay. I appreciate the invoices could have been clearer, and a more detailed and official breakdown of the costs could have been included. But I'm not persuaded that level of detail will now (or perhaps ever was) able to be provided.

Given the costs involved, I find them reasonable. Zurich too has said the costs are reasonable, if a bit high. But I'm satisfied C has shown what it can and that these are costs it paid, so Zurich should reimburse the remaining 50%. It should add interest on to this amount at 8% simple per annum.

Legal fees

I'm satisfied Zurich's stance on this aspect of the claim is reasonable. Without detail on what the costs were and if/how they relate to the insurance claim, I wouldn't expect Zurich to pay them.

I appreciate C says Zurich could have contacted the solicitor itself, and I agree, it could have. But it's by no means clear the solicitor would have shared any detail with Zurich. In any event, this isn't something Zurich needed to do, nor is it something I'd have expected it to. As the party making the claim, it is for C to provide evidence of its loss. So, without further evidence, I'm not requiring Zurich to take further action here.

Zurich has said it's willing to review any evidence C sends it. I'm satisfied that's a reasonable position at this stage.

Compensation

Zurich offered £125 compensation for delaying paying funds to C, in addition to interest on the payments it made. I'm satisfied that's reasonable in the circumstances. I've not been provided anything to persuade me that the impact of being without the funds warrants a greater amount of compensation than this. But I acknowledge the chasing was unnecessary and inconvenient.

My final decision

For the reasons set out above I uphold this complaint. To put things right Zurich Insurance PLC needs to:

- Pay C the other 50% of the emergency repairs submitted plus interest* from the date C paid the invoices to the date settlement is made.
- If not done so already, pay C the £125 compensation it offered

*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 C a certificate showing how much tax it’s taken off.

Under the rules of the Financial Ombudsman Service, I’m required to ask C to accept or reject my decision before 4 September 2025.

Joe Thornley
Ombudsman