

The complaint

Mr H and Miss M complain Zurich Insurance PLC (“Zurich”) has handled their claims on their property insurance policy unfairly. They say they’re not happy with how the claims have been recorded and they don’t think Zurich has done enough to make up for damage it caused to their property or delays to their claim.

All references to Zurich include its agents.

What happened

Mr H and Miss M took out a property insurance policy covering their building and contents in September 2022. Around August 2023, Mr H and Miss M returned to their property to find their neighbour’s oil tank had leaked into their garden, under their patio and soil.

Mr H and Miss M made a claim on their property insurance policy around three months later after their neighbour failed to take action. Zurich accepted the claim and arranged for a contractor who I’ll call ‘A’ to carry out works on the property. Whilst carrying out excavation works outside of Mr H and Miss M’s property, A damaged their heating pipes. And whilst repairing that damage, A then damaged Mr H and Miss M’s electrics and sockets. Both parties accept A caused this damage and further damage to the flooring inside the property.

Mr H and Miss M say A also caused damage to their boiler which caused a further oil leak inside their garage. But A disagrees it did so. Zurich said it arranged for an engineer to examine the damaged boiler part – the hose – who said the damage was down to wear and tear as it hadn’t been replaced regularly enough. So Zurich didn’t agree it was responsible for the boiler damage or this oil leak.

To put things right, A offered to carry out repairs to Mr H and Miss M’s floor using their leftover flooring, repair the damage it accepted it had caused to the outside of the building and offered to pay them £2,000 compensation as a goodwill gesture. But Mr H and Miss M didn’t want A to carry out any further works, so it rescinded its offer of compensation and Zurich instructed a different contractor.

Following guidance from Zurich, Mr H and Miss M made a second claim on their policy for the damage to the boiler and the second oil leak. They’re unhappy they had to do this as they feel it was damaged by Zurich’s appointed contractor.

Around February 2024, Mr H and Miss M made a complaint. Zurich upheld their complaint and offered them £800 for the delays as a result of the additional damage caused. It later increased this offer to £1,300 in total to recognise poor service while handling the complaint and to make up for the loss of expectation from A withdrawing its offer. But it didn’t think it did anything wrong in handling things as two separate claims and it still didn’t accept A had caused damage to the boiler.

As the complaint wasn't resolved at that stage, Mr H and Miss M asked our Service to look into things. At that point, they said Zurich had offered to cash settle the claim which they were happy with. But they'd identified further damage they thought A had caused to their patio door and a damp issue under their flooring. So they wanted Zurich to cover the cost of repairing these too.

Our Investigator got in touch with Zurich a number of times without response. So he upheld the complaint and recommended Zurich carry out all outstanding repairs, including to the boiler and it should pay Mr H and Miss M a total of £3,500.

Zurich responded to our Investigator's opinion around four months later providing further information. It didn't accept what our Investigator had said and it didn't think it had the opportunity to address all of Mr H and Miss M's concerns – particularly about the damp issue and patio door. Zurich didn't think Mr H and Miss M had provided enough evidence to show the boiler was damaged by A. And it thought it had done enough to make up for its service and A rescinding its offer. As the complaint wasn't resolved, it was passed to me to decide.

I issued a provisional decision on this complaint in July 2025. I've included a copy of what I said below:

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

Based on what I've seen so far, I plan to uphold this complaint in part. It's not exactly in the way Mr H and Miss M want and I'm intending to direct Zurich to pay less compensation than our Investigator has. So I know they'll be disappointed. But I currently think it's a fair outcome in this case. I'll explain why.

First I would like to highlight that Zurich is the underwriter of Mr H and Miss M's policy – it set the price of the policy and they pay it the premiums for the cover agreed to in the policy terms. When Mr H and Miss M claimed on their policy, they did so to Zurich. So whilst I appreciate a number of other agents have been involved in the claim, they were contracted by Zurich and working on their behalf as its agents. So I currently think Zurich is responsible for what its agents did and I'm satisfied it should've known this.

Customer service and delays

It's not disputed in this case that A caused damage to Mr H and Miss M's property when carrying out repairs. A offered them £2,000 in part to make up for this, which it later withdrew. Zurich says A's offer was conditional on Mr H and Miss M agreeing to it returning to carry out the repairs. And from the email A sent in March 2024, I think it made this clear to Zurich. But I've also looked at the email Zurich sent Mr H and Miss M in March 2024 to let them know about A's offer. And I don't currently think it made it clear the offer was on condition of A continuing with the repairs. Instead, I note Zurich told Mr H and Miss M it had organised for a new contractor to carry out the works in this email and it didn't highlight that would mean the offer would be withdrawn.

My role when something has gone wrong, is to put customers in the position they would've been in if nothing had gone wrong. That means, I need to consider what Mr H and Miss M would more likely have done if Zurich had correctly communicated the terms of the offer to them. And based on what I've seen in this case, in particular how unhappy they were with A, I think it's more likely they would've still chosen to use a different contractor. This means the offer would most likely have been withdrawn in any event so I can't say it's fair for Zurich to honour it now. But I note Zurich has offered Mr H and Miss M £500 to make up for the loss of expectation they would've felt from the offer being withdrawn. And I think that's fair here.

Both parties accept that A caused Mr H and Miss M significant trouble and upset due to the damage it caused to their property. Due to damage caused to their pipework, their garden was flooded, and A damaged their electrics and sockets. Mr H and Miss M have explained they've lost use of different parts of their home for extended periods of time, have been without heating and have had to rely on temporary heating. And I've considered all of this when thinking about how Zurich should put things right.

At the moment, I'm satisfied Mr H and Miss M's claim has been significantly delayed. They raised their claim in August 2023 and from what I understand, due to the additional damage that was caused and delays caused by Zurich, the claim is ongoing. They've now agreed to arrange the outstanding repairs themselves which will cause them further inconvenience. In addition, Mr H and Miss M have had to chase Zurich repeatedly, often with no reply, throughout the claim. This includes around June 2024 when they chased Zurich six times for a response to an email and it took over two months for Zurich to reply. Zurich also caused further delays when the complaint reached our service as it took around 8 months from the date we first requested information to support the complaint for it to provide anything – and it only did so after our Investigator reached an assessment without any information.

Considering the significant length of time this has been ongoing for Mr H and Miss M, I am currently satisfied the delays caused by Zurich would've caused them severe frustration and stress. And I don't think they would've felt listened to. They've explained the severe impact the ongoing works have had on them and I am currently satisfied this has gone on for significantly longer than it should have.

Zurich has already offered Mr H and Miss M £800 to make up for the delays and additional damage caused to their property. But I'm not currently persuaded that's a fair offer in this complaint. Instead, I think it should pay Mr H and Miss M £1,750 to make up for what's gone wrong here. This is in addition to the £500 it should pay to compensate them for the loss of expectation they would've experienced when A's offer was rescinded.

Mr H and Miss M say their electric and water bills increased due to the escape of water Zurich caused and having to use electric pumps to pump the water from the excavation site outside. I can see Zurich has previously indicated it would cover these costs upon evidence from Mr H and Miss M of the costs incurred, and I think that's fair.

Patio, door and damp issues

Mr H and Miss M have flagged further damage to their property which they believe have been caused during the claim. This includes a patio door which won't close and a damp issue under their flooring. Zurich says it's not had an opportunity to consider this part of their complaint and has said Mr H and Miss M need to raise a new complaint about this but I don't currently agree.

Our Investigator informed Zurich about this part of the complaint in his assessment in March 2025. And before this, Zurich discussed the issues with the patio door in an email from 12 April 2024. So I'm currently satisfied it's been aware of Mr H and Miss M's dissatisfaction about these outstanding repairs for significantly more than eight weeks. So it's had the opportunity to look into things. Considering how long this complaint has been ongoing for and how many times our Investigator asked Zurich for information and comments in response to it, I think it's fair for me to consider this element here.

Mr H and Miss M have said their patio door was damaged by wood being leant against it and they've said a contractor told them the damp issue under their floor has been caused by a soil pipe being pierced during the repair work.

So far, Zurich hasn't given any evidence to make me think it isn't responsible for this damage or repairing it so the only information I have to go on is what Mr H and Miss M have said. Based on what I've seen so far, I'm persuaded Zurich has caused the damage Mr H and Miss M says it has. And I think it should add the cost of repairing these items to the cash amount it's offering to settle this claim. I understand Zurich thinks it may have already repaired Mr H and Miss M's patio door and if Mr H and Miss M agree that this has been completed, Zurich doesn't need to include that towards the cash settlement.

Damage to the boiler

Zurich doesn't think A caused the damage described to Mr H and Miss M's boiler which caused a second oil leak. And it's given us the findings of an engineer who it says examined the failed part to support what it's said. The engineer said the damage was due to wear and tear and wouldn't have happened if the parts had been correctly replaced.

I know Mr H and Miss M think A damaged their boiler when carrying out works on their property. They say the boiler was serviced in 2021 and there were no problems until A carried out works. But they've not provided any evidence to show the engineer's findings aren't correct and the boiler was in a good state of repair or had been maintained in line with the manufacturer's recommendations.

At the moment, I think it's more likely the boiler failed due to wear and tear as per the engineer's findings. But I'll consider any evidence Mr H and Miss M can provide by the deadline I've set if they have any.

As I don't think it's likely A caused the damage Mr H and Miss M say it did to their boiler, it follows that I don't currently think it should cover the cost of repairing it as part of the remediation works. So I can't say Zurich acted unfairly by treating Mr H and Miss M's claim for a replacement boiler separately as that's an accurate reflection of what's happened.

Insurance claim

I know Mr H and Miss M are unhappy their claim has been recorded against their insurance policy as they say the damage was caused by a third party – their neighbour – and they think that's unfair. But Mr H and Miss M made a claim on their insurance policy and their property needed repairing. So I don't think Zurich has done anything wrong in proceeding with the claim repair under the policy while pursuing the third party separately."

I asked both parties to make any further comments before I reach my final decision. Mr H and Miss M said in summary:

- The boiler was serviced in April 2021 and they provided photos to show the hose was in a good condition. The boiler only leaked after A's plumbers worked around the burner.
- The engineer who inspected the damage to the boiler only looked at the flexi hose and not the burner. And they questioned whether they were independent or not.
- They think it's unfair they were required to start a second insurance claim due to the damage to the boiler.
- Zurich agreed to cover the cost of the oil spilled and the excess electricity used but it still hasn't been paid.
- Zurich didn't make it clear A's offer was subject to them completing the works.

- They are no longer taking the cash settlement as they've been told it would be quicker to allow Zurich to complete the repairs. Outside repairs have started and the patio door is being replaced.
- They have a new complaint against Zurich about the unnecessary stress they've been through including being given incorrect information about a rat infestation and their soil pipe.
- They've suffered severe emotional distress and lost the use of their home for two years. They have an upcoming event and aren't able to use their home for it. Their insurance renewals have increased significantly due to having two open claims so they want to be put in the position they would've been in if nothing had gone wrong.

Zurich initially said it accepted my provisional decision. I asked for its comments in response to what Mr H and Miss M had said about the cost of the spilled oil. Zurich confirmed it had agreed to cover the cost of the spilled oil at £263 in May 2025. And it now agrees to add 8% interest to this amount. But it provided further comments about covering the cost of the additional electricity and water. In summary it said:

- It is currently awaiting Mr H and Miss M's electricity tariff to work out how much the additional electricity usage had cost them. But in the meantime, it would pay them £500 which it thinks likely covers the additional usage. It said it will reconcile the balance once Mr H and Miss M provide details of their tariff.
- Although it previously accepted my provisional decision, it said it didn't agree to add 8% interest to the amount reimbursed for the electricity usage as Mr H and Miss M were yet to provide their tariff information.

It didn't think Mr H and Miss M would've needed to pay any additional costs for the additional water usage as it is free in their area.

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.

I know Mr H and Miss M don't agree with Zurich that the damage to their boiler was likely caused or contributed to by wear and tear. And they've provided a photo of their burner to support what they've said. They've also highlighted they'd had the boiler serviced in 2021. But Zurich has provided information from an engineer who examined the hose and said, even if the boiler had been knocked by A, the damage wouldn't have happened if the parts had been correctly replaced. And I'm more persuaded by the information provided by the engineer as the only expert opinion in this case.

Whilst I understand Mr H and Miss M's position here that the boiler worked fine until A's plumbers carried out works next to it, I haven't seen enough to make me think the boiler stopped working due to damage caused by A. As I can't say Zurich is responsible for the damage to Mr H and Miss M's boiler, it follows that I don't think it's acted unfairly by requiring them to start a new claim for the cost of replacing their boiler. I know this has had a significant knock-on effect on the cost of their insurance renewal but I don't think that's Zurich's responsibility.

I can see Zurich offered to reimburse the cost of Mr H and Miss M's increased electricity and water usage due to the escape of water it caused once they provide evidence of the costs incurred. I also said in my provisional decision that I think Zurich should add 8% interest to these amounts from the date they made the extra payments to the date of settlement. Zurich doesn't think it should have to add 8% interest to the amount it reimburses Mr H and Miss M as they've not provided their tariff rate, but I don't agree.

I don't think it needs to add 8% to the £500 interim payment as I don't know whether that's already more than the amount they paid for the additional electricity anyway. But I'm satisfied, upon evidence from Mr H and Miss M of how much extra they've paid for their electricity, Zurich should ensure it covers that amount plus 8% interest for the time they've been out of pocket. If that total amount is more than the £500 interim payment it's making, it will need to pay the difference.

Zurich has confirmed it did offer to cover the cost of the oil that was spilled - £263 – and it's agreed to add 8% interest to that amount from the date the oil was spilled until the date of settlement which I think is fair.

Zurich has said it doesn't think Mr H and Miss M need to pay for their water usage so it doesn't think they've spent anything more while the claim was ongoing. But Mr H and Miss M haven't said this to me and I can see they've raised that Zurich hasn't covered their additional water costs as it said it would. In any event, I've directed Zurich to cover the cost of it only once it receives evidence from Mr H and Miss M of what that was and I see no reason to change this outcome based on the comments I've received.

I appreciate Mr H and Miss M have been through a significant level of distress and inconvenience caused by Zurich. And I also accept they would've been disappointed when A's offer was withdrawn after it hadn't been accurately explained to them by Zurich. But I'm satisfied £2,250 compensation is enough to make up for the damage caused, the delays and the loss of expectation they've suffered. As part of this decision, I can't comment on the further complaint they've now raised with Zurich.

Putting things right

To put things right in this case, I direct Zurich to:

- Pay Mr H and Miss M a total of £2,250 to make up for the damage caused to their property, the delays in resolving their claim and the loss of expectation caused to them by not explaining the good will offer clearly. That includes the £1,300 it's already offered Mr H and Miss M. So that means I'm directing it to pay an additional £950 on top of the amount it's already offered or paid them.
- Add the cost of repairing Mr H and Miss M's patio door and resolving the damp issue under their floor to the cash amount it's offered them to settle their claim. Or carry out the necessary effective and lasting repairs to the patio door and damp issue if it's no longer cash settling their claim.
- Pay Mr H and Miss M £263 to cover the cost of the spilled oil.
- Cover the additional amount Mr H and Miss M spent on their water and electricity bills during the period Zurich caused the escape of water at their house and needed to pump out the water. Zurich said it's making a £500 interim payment which it can take off of that amount. This payment should be made upon clear evidence of the amount Mr H and Miss M's bills increased by, sent directly to Zurich.

- Add 8% interest to the amounts Mr H and Miss M paid for the oil and the additional electricity and water usage. For the oil, the interest should be calculated from the date the oil was spilled to the date of settlement. And for the electricity and water, the interest should be calculated from the dates Mr H and Miss M made the extra payments to the date of settlement.*

*If Zurich considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr H and Miss M how much it's taken off. It should also give them a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs.

My final decision

For the reasons I've given, I uphold Mr H and Miss M's complaint in part and direct Zurich Insurance PLC to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Miss M to accept or reject my decision before 17 September 2025.

Nadya Neve
Ombudsman