

The complaint

Miss W complains about Zurich Insurance PLC's settlement of a claim she made after an escape of water damaged her flat.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here.

Miss W owns the leasehold to her flat. The freeholder's property owners' insurance policy covers damage to her home and is underwritten by Zurich.

Miss W made a claim in late December 2022 after an escape of water in the flat upstairs caused damage to her property. Zurich accepted the claim and appointed loss adjusters, who arranged for repairs to be carried out.

In short, in July 2023, Miss W raised concerns about the standard of works carried out by the contractors. The loss adjuster agreed that the works weren't to the required standard.

After some discussion, the loss adjuster offered Miss W a number of options. She could allow the original contractors to return to complete the repairs and snagging work. She could go with new contractors appointed by the loss adjuster. Or she could have a cash settlement and get her own contractors.

Miss W opted for the latter, given that she'd lost faith in the original contractors and there was a lead-in time of a few weeks for the loss adjuster's suggested new contractors.

In October 2023, after some further discussion between the parties, Miss W accepted a cash settlement of £3,000 for the remaining repairs and snagging works. This was on condition that she could submit further costs if additional claim-related work was found to be necessary.

Miss W made a previous complaint to us about Zurich's handling of the claim. At that point, we said we could only consider issues relating to delays / poor service and the behaviour of the contractors at Miss W's home. Other issues hadn't yet been raised with Zurich by Miss W.

That complaint was resolved when Miss W accepted a settlement offer from Zurich of £300 in compensation for the delays, poor service, and contractors' behaviour.

Miss W then made a further complaint to Zurich, which she's now brought to us. This concerns the cash settlement made by Zurich in October 2023, incidental expenses (for storage and cleaning) incurred by Miss W whilst the remaining works were carried out by her contractors, and the effect the repair works had on Miss W's health and the distress they caused her.

Our investigator looked into this new complaint and thought it should be upheld in part. He thought the settlement offer was fair and reasonable. And he thought the compensation paid

to settle the previous complaint covered the distress and inconvenience Miss W may have suffered due to any errors or omissions on Zurich's (or their agents') part.

He also thought Zurich were entitled to decline to pay for storage costs for Miss W. But he thought they should pay her £90 to cover cleaning costs she'd incurred.

Zurich accepted that suggested outcome. But because Miss W hasn't accepted it, the case has 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.

The settlement offer for the remaining works

I'm satisfied the loss adjuster gave Miss W a number of options about how the remaining repairs and snagging works were to be carried out. These included two options which would have seen Zurich carry out the work through their own contractors.

Miss W opted to take a cash settlement and appoint her own contractors. Whilst I can understand her reasons for doing so, that does mean that it was her choice to go down that route.

And in that case, it's fair and reasonable that Zurich should pay only what it would have cost them to carry out the works. In fact, as a gesture of good will, Zurich increased the cash offer beyond what the work would have cost them to give a round £3,000 settlement figure.

Miss W accepted that amount in settlement of the claim. And if I were to uphold this part of her complaint now, I'd need to see persuasive evidence that additional claim-related works – not foreseen at the time – had subsequently come up. This was the proviso Miss W added when she accepted the cash settlement.

Miss W says there are bulges in her walls which weren't considered in the original scope for the remaining works and snagging. And she wants Zurich to cover the cost of repairs to these bulges now.

The loss adjuster visited the property to inspect the bulges. In their professional opinion, these were imperfections in the wall which were pre-existing and not claim-related.

There's no other expert evidence about the nature and cause of the bulges. So, I don't think it's unreasonable for Zurich to conclude that they weren't claim-related.

I also note that the bulges, if caused by the escape of water, would have been evident long before October 2023 when Miss W accepted the cash settlement and the scope of works it was based on.

In short, I don't think Zurich have acted unfairly or unreasonably in any way in standing by the original cash settlement and concluding that the imperfections Miss W has now highlighted are not related in any way to the escape of water.

The impact of the remaining works and snagging on Miss W's health and wellbeing

Miss W accepted Zurich's offer of compensation for her distress and inconvenience (including any impact on her health and wellbeing) up to the point at which the original contractors stopped work and she commissioned her own contractors to do the work.

In essence, everything after that point is the responsibility of Miss W and her contractors. She says she suffered health issues (pain) as a result of the work she had to do after her own contractors took up the repairs. That's nothing to do with Zurich – it's a matter between Miss W and her contractors.

If Miss W got involved in carrying out some of the work herself, in order to save on the costs, that was her choice and, again, had nothing to do with Zurich or their agents. I don't mean this to sound very blunt – and of course I have sympathy for any health-related problems Miss W has experienced - but any consequent impact on Miss W's health is the result of her own choices rather than Zurich's.

So, I'm satisfied Zurich compensated Miss W – to her satisfaction - for any distress and inconvenience she suffered as a result of their (or their agents') errors or omissions before mid-2023. And I'm satisfied they're not responsible for any health issues Miss W experienced as a result of the way the remaining repairs and snagging work were carried out after October 2023.

Incidental expenses for storage and cleaning

Miss W has said she incurred costs putting items into storage whilst the repairs were carried out.

I'm not going to require Zurich to pay Miss W's storage costs. I would expect that as the work proceeded, she may have had to move some furniture or other items around her flat. But I haven't seen any reason to think that *required* Miss W to hire a storage facility at any stage.

And again, given that I'm now looking at the time *after* Zurich's contractors stopped working at the flat, I can't see why any storage costs would not have been obvious before Miss W accepted the cash settlement in October 2023.

Our investigator suggested that Zurich should pay cleaning costs (£90) Miss W incurred when she had the surfaces in her flat professionally cleaned. Zurich have now agreed to cover those costs, despite Miss W not having proof of payment. She says she paid cash-in-hand.

Although we might normally say that such costs should only be reimbursed once proof of payment is provided, on balance, I agree they should be covered in the exceptional circumstances of this case.

Miss W was particularly keen to get a professional clean carried out once the works were completed because of her allergic reaction to the airborne particles generated by the repair work. And so, I have no reason to doubt Miss W's word that she paid for the cleaning to be carried out.

I'm also satisfied this wasn't a cost which would have been foreseen or taken into account when the cash settlement was negotiated. But it was a cost which Zurich should have covered, at the relevant time, if their own contractors had carried out the work. So, I think they should cover that cost now.

Putting things right

I'm upholding this complaint in part. I'm satisfied Zurich don't have to increase the settlement paid to account for the bulges or imperfections in the walls of Miss W's flat. I don't think they should pay any further compensation for Miss W's trouble and upset. And nor do I think they should pay for the storage costs Miss W says she incurred.

However, I am going to require Zurich to pay the £90 cleaning costs incurred by Miss W, as I've explained above.

My final decision

For the reasons set out above, I uphold Miss W's complaint in part.

Zurich Insurance PLC must now pay Miss W £90 to cover the cleaning costs she incurred once the repair work at her flat was completed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 21 October 2025.

Neil Marshall
Ombudsman