

## **The complaint**

D, a limited company, has complained about the way Zurich Insurance Company Ltd handled a claim under a residential property owners policy.

## **What happened**

D owns the freehold of a block of flats. It took out an insurance policy with Zurich covering (amongst other things) the leaseholders for damage to their flats caused by certain risks.

One of the leaseholders, who is an elderly lady, had a serious water leak under her floor causing widespread damage in her flat. In October 2024 a friend of hers, whom I'll call Mr G, made a claim to Zurich on her behalf.

Zurich accepted the claim and appointed a firm of loss adjusters to handle it.

With Zurich's approval Mr G instructed a firm of surveyors to draw up a specification of the repair works. The loss adjuster checked the specification and was generally happy with it. Then it was sent out to tender to three contractors. The quotes ranged from £73,000 to £83,000. The lowest quote was accepted after the loss adjuster received satisfactory replies to various enquiries.

D says it didn't find out about the scope of the works or associated costs until February 2025. It obtained quotes based on the specification of works which ranged from £25,000 to £35,000 for the repairs. It complained to Zurich about:

- The lack of communication to it about the claim;
- The cost of the repair works which it says was excessive compared with its quotes;
- Zurich's failure to provide a clear explanation about how the claim might affect future premiums; and
- Mr G's role in the claim and a potential conflict of interest as he had previously worked with the loss adjuster.

Zurich accepted that it should have made contact with D sooner and offered £300 compensation for that. It didn't think the cost of the works was excessive as the specification had been prepared by a chartered surveyor and then put out to a competitive tender. It said Mr G was just helping the leaseholder in a personal capacity and there was no conflict of interest.

D referred its complaint to our service. Our Investigator didn't recommend it be upheld. As D didn't agree, the matter has been referred to me.

## **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.

In this decision I am only looking at whether Zurich has treated D fairly and reasonably.

It's reasonable to expect that an insurer would keep the policyholder informed about a claim made by a beneficiary under the policy - in this case, the leaseholder of the damaged flat. To its credit Zurich has accepted that it was at fault in this regard. However I can't see that D was prejudiced by this oversight. So I think the sum of £300 which Zurich offered was reasonable to compensate D for the inconvenience caused by this. Since then Zurich has shared important information about the specification of work and the tender process. Keeping D informed doesn't however mean that D should be consulted about the management of the claim. That is something between Zurich and the leaseholder of the flat in question.

One of the most common complaints made about insurers (rightly or wrongly) is that they haven't paid enough to settle a buildings claim as opposed to (in this case) having paid too much. One of the reasons insurers use a loss adjuster is to ensure that a claim is resolved fairly and economically taking into account the terms of the insurance policy. Their expertise is used to minimise the settlement. I can see from the loss adjuster's report that a building specialist scrutinised the specification of works prepared by the leaseholder's surveyor and also the priced response from the contractor who provided the lowest quote. They had a site meeting with the surveyor and contractor to satisfy themselves about the scope of the works before agreeing that the quote could be accepted. That quote included a number of provisional items which Zurich said would only be accepted if justified. I'm not persuaded that Zurich acted unprofessionally or treated D unfairly with regard to the repair costs.

Although D obtained quotes which were substantially lower than the ones received in response to the tender process, in the end the difference wasn't so great as the amount paid for repairing the building was just under £43,000. There were other claim costs on top including sums for professional fees and alternative accommodation. It's usual for premiums to increase after a claim has been made under a policy and I can understand D being concerned about this.

But the cost of a claim is only one of a number of factors that an insurer will take into account when setting a premium. Insurers typically spend a lot of time and money researching and refining their pricing models and systems which is usually an ongoing process. They often take into account what their competitors are charging for a similar product. In short it's unlikely that the question about the effect of this claim on future premiums is something Zurich could answer easily in advance of the normal renewal process and without disclosing sensitive information. So I don't think Zurich treated D unfairly by not providing this information.

The leaseholder making the claim was entitled to choose whom she wanted to represent her in connection with it. It may have made it easier for Zurich to be able to discuss the claim with someone knowledgeable about such matters but I can't see that the fact that Mr G knew one of the loss adjusters led to the claim being handled any less rigorously than it otherwise would have been. I'm not persuaded that there was a conflict of interest.

## **My final decision**

For the reasons explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 26 November 2025.

Elizabeth Grant  
**Ombudsman**