

## The complaint

Miss L complains about the way Zurich Insurance Company Ltd ('Zurich') handled an escape of water claim she made under a buildings insurance policy.

## What happened

Miss L owns a flat insured under a block buildings insurance policy underwritten by Zurich. She raised a claim in September 2024 following water damage to her flat caused by the property above hers. Zurich accepted there was cover and arranged an inspection of the property. Miss L also obtained her own quotes for the drying and reinstatement works and provided them to Zurich. Zurich felt that the cost quoted was significantly higher in the scope of damage they had validated and they ultimately went on to make several cash settlement offers to conclude the claim. By November 2024, Zurich offered £10,000 in settlement of the claim. Miss L didn't accept this and said she didn't want any strip out or drying works to go ahead until the scope of works and settlement amount had been agreed.

Miss L ultimately went on to write a complaint to Zurich about where the claim was being handled, including delays in progressing reinstatement works and Zurich's focus on reaching a cash settlement rather than arranging repairs. Zurich issued a final response to the complaint in January 2025 and said they acknowledged the claim should have been progressed more promptly and agreed it would have been more appropriate to arrange repairs earlier rather than focusing on cash settlement discussions. Zurich offered Miss L £750 compensation to recognise the impact their actions had had on her (which was later increased to £1,000 in March 2025).

Miss L remained dissatisfied with Zurich's response to her complaint and brought it to this Service. She said the compensation offered didn't fairly reflect the distress and disruption she had experienced, especially given her medical concerns. She felt the claim should be settled for a significantly higher amount.

An Investigator looked at what had happened but didn't recommend Zurich needed to do anything further. First, the Investigator explained that while Miss L had raised two claims and several further issues, we could only consider what had happened between September 2024, when the claim was raised, and March 2025, when Zurich increased their compensation award and referred Miss L back to their January 2025 final response. The Investigator explained this meant that Miss L would need to raise new issues that had occurred since January 2025 as a new complaint to allow Zurich to investigate and respond to those issues.

In respect of what the Investigator did consider, they concluded Zurich had made some errors in the way they handled the claim, particularly in continuing to pursue a cash settlement when the value of the claim was in dispute. However, the investigator ultimately considered that Zurich had already acknowledged these issues and that the £1,000 compensation fairly recognised any distress and inconvenience caused.

Miss L did not agree with the Investigator's outcome. She said the investigator hadn't properly considered the full timeline of events and said that the complaint should include

later developments relating to the claim and a further escape of water. She outlined that Zurich had failed to issue final responses within eight weeks to further complaints she had raised after the January 2025 final decision letter, including complaints raised in February, March, April 2025 and said because no final responses were issued, this allowed our Service to review the entire complaint. Miss L also said the compensation offered by Zurich didn't properly reflect the impact this situation had caused to her.

Miss L asked for an Ombudsman to consider the complaint -so, it's been passed to me to decide

### **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 reached the same overall conclusions as the Investigator, and I do not uphold this complaint.

I acknowledge I've summarised Miss L's complaint in less detail than she's presented it. Miss L has provided several detailed submissions about why she disagreed with the Investigator's recommended outcome. However, I haven't commented on each and every point she's raised. Instead, I've focussed on what I consider to be the key points I need to think about in order to reach a fair and reasonable outcome, which reflects the informal nature of this Service. I assure Miss L, however, that I've read and considered everything she's provided.

I also need to outline what period I will be considering as part of my decision. I appreciate Miss L has said Zurich didn't issue final responses to further complaints she raised after January 2025 and that this means our Service should consider the entire timeline of events. However, the complaint I'm able to consider here relates to the issues Zurich addressed in their January 2025 final response and the compensation they later increased in March 2025. I understand Miss L has raised additional concerns with Zurich after that point which are being considered as part of a separate complaint. So, my decision here will only consider the handling of the September 2024 claim up to the point Zurich responded to the complaint in January 2025.

#### *Zurich's handling of the claim*

The relevant rules and industry guidance say Zurich should handle claims promptly and fairly. So, I've started by looking at the timeline of events and the actions Zurich took in response to Miss L's claim. I can see Zurich accepted there was cover for the escape of water and arranged for inspection of the property, but they have also acknowledged that their service fell short at times, especially in relation to their decision to continue to pursue a cash settlement when the value of the claim was clearly in dispute.

So, because Zurich has already confirmed they caused delays, I don't need to make an extended finding on whether or not they acted unfairly here. But I do think that in situations like this, it's generally more appropriate for an insurer to arrange that works directly rather than focusing on agreeing a cash settlement amount. As such, I will need to consider what the impact of those delays were and what steps they took to address this.

#### *What was the impact*

I understand that Miss L has raised broader concerns about how Zurich handled her claim, and she's explained she has experienced health issues during this time. I was sorry to hear

this and I recognise that dealing with an insurance claim alongside health issues can be difficult. And while there will always be some level of inconvenience during an insurance claim, my role is to determine whether Zurich did anything to cause additional distress or inconvenience, over and above what I would consider to be expected in a normal claims process.

As I said earlier, I think it's clear there was some additional delays and inconvenience caused with Zurich's handling of the claim. And I can see that they agreed to arrange reinstatement works themselves once this was identified, which I find to be fair. However, I also note that Miss L said she didn't want works, including strip-out and drying, to proceed until the scope of works and settlement amount had been agreed. So, I'm not persuaded on balance that an offer by Zurich to arrange works would necessarily have resolved the dispute about how the claim should be settled any earlier.

I can see Zurich initially offered Miss L £750 compensation to recognise the impact their handling of the claim has had and later increased this to £1,000. I understand why Miss L feels this amount doesn't fairly reflect the distress and disruption she has experienced, particularly given the wider impact she says the situation has had on her health. I haven't detailed everything here, as both parties are aware of the history, but I've considered everything Miss L has said about the impact to her. I do not doubt this situation has been stressful and frustrating for her to deal with. But having considered her testimony as well as the period of time I am able to consider as part of this complaint, I'm satisfied the total compensation award Zurich has already paid of £1,000 is fair and reasonable in the circumstances and reflects the impact Zurich's actions had on her for the period I am able to consider.

So, while I acknowledge Miss L has suffered additional distress and inconvenience during this claim, I'm satisfied Zurich has done enough to put things right. So, I won't be directing them to increase the compensation already paid.

For the avoidance of doubt, any additional complains Miss L has raised with Zurich, including a second escape of water identified in March 2025, would need to be dealt with as part of a separate complaint if Miss L remains unhappy.

### **My final decision**

For the reasons I have set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 9 April 2026.

Stephen Howard

**Ombudsman**