

The complaint

Mr G is unhappy with how his claim was handled by Zurich Insurance PLC ("Zurich") under his home insurance policy and he's not happy the claim was declined.

What happened

Mr G was a leaseholder of a council-managed property. And this property was covered by a buildings insurance policy, underwritten by Zurich, in the name of the council, with Mr G listed as a lessee.

Mr G made a claim to Zurich when a tenant caused damage to his property in July 2021. Zurich paid the first part of the first claim. However, after further investigating and reviewing the claim (and a subsequent claim), it decided to not pay any further payments in relation to the first claim. Zurich identified the property had been sub-let without the permission of the freeholder. Zurich said the property wasn't covered for loss in these circumstances.

Mr G has explained that he *"doesn't have any evidence that the property was sub-let on or before the incident happened"*. He said the sub-let happened after the incident.

He believes he's suffered a financial loss and wants his claim settled in full. He said he's suffered distress over the period of the claim.

Our investigator decided not to uphold the complaint. She thought Zurich had evidenced that Mr G had not complied with the conditions of the policy, so she thought it had been fair to decline the second part of the claim. Mr G disagreed, so the case has been referred to an ombudsman.

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.

For the avoidance of doubt, Mr G has escalated two complaints to our service in relation to this insurance contract. These complaints relate to two separate claims. The second of these claims has already been reviewed at our service by an Ombudsman. So, under the rules of the Financial Conduct Authority (FCA), I won't be able to re-consider any of these points. I will only consider the outstanding costs relating to the first claim that haven't been covered by Zurich.

Zurich declined the claim as it considered the property to be unoccupied. It explained that the term *"unoccupied"* is defined in the policy as the property is *"not permanently lived in by You or any person authorised by You"*.

Zurich said its policy doesn't cover:

"Malicious damage. We do not insure: Loss or damage: (a) arising after the Home has been Unoccupied for more than 30 consecutive days".

“Theft or attempted theft. We do not insure: Loss or damage: (b) arising after the Home has been Unoccupied for more than 30 consecutive days”.

Mr G has explained that the property wasn't sub-let until after the first claim was made, and he lived nearby as did his agent and there were frequent visits to the property. In other words, Mr G contested the property had been unoccupied for the 30 days and therefore thought the claim should be covered.

However, Zurich said the property had been illegally sub-let. Mr G has argued he had a licence to allow him to sub-let the property out. However, having reviewed the documentation this is only a Selective Property Licence. The council has also confirmed that under his lease he would've needed to gain approval from themselves first before he could sub-let the property.

A representative from the council has confirmed *“this property has never been declared as a sub-let property, we have also never been made aware of any sub-tenants. However, I can see there is a live housing application for a Mr X that's been live since 2019, not sure if he was a resident or a sub-tenant”.*

I'm persuaded there was a sub-tenant living at the property at the time of the incident. Mr G had commenced eviction procedures to get a tenant removed from the property around that time. This cross references the information that the council has provided. I appreciate Mr G said there was no sub-letting at this time, but I don't find the testimony he has provided consistent throughout this claim. He had been providing an argument to our investigator that he had a licence to allow sub-letting to occur. I find this odd given he's since said no one was sub-letting at that time. There wouldn't have been a need for Mr G to make this argument if this was true.

As there was no approval for a sub-let, I don't think Mr G can say the sub-tenant had been authorised to live in the property and therefore, I think Zurich has been fair in concluding the property was unoccupied (for the purposes of the policy definition). Therefore, under the terms and conditions, I think Zurich has been reasonable in not covering the costs for the remainder of the claim. The policy doesn't cover malicious damage or theft if the property has been left unoccupied for over 30 days. Zurich said it shouldn't have paid the first part of the claim, but as it made a mistake, it's not asked for Mr G to repay this. I think this is fair.

However, as I think Zurich has acted fairly and in line with the terms and conditions of the policy, I don't uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint. I don't require Zurich Insurance PLC to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 25 December 2025.

Pete Averill
Ombudsman