

The complaint

Mr M complains about the response of Zurich Insurance Company Ltd ('Zurich') to his commercial property insurance claim.

Zurich have accepted responsibility for the actions of agents acting on their behalf. Therefore, in this decision, any reference to Zurich should be interpreted as also covering the actions of their appointed agents.

What happened

The background to this complaint is well known to both parties. Following a flood (backed up drains) affecting Mr M's premises in January 2025, he made a claim on his insurance policy. Zurich considered the claim but said Mr M had previously received a cash settlement of around £18,000 in 2024 for a separate flood event and they weren't persuaded that he'd used that cash settlement to carry out necessary repair/reinstatement works.

Unhappy, Mr M raised a complaint and said he couldn't provide proof of works carried out - such as receipts, as he'd carried out much of the works himself. Zurich partially upheld the complaint, relating to the service they'd provided and offered £75.

Mr M referred his complaint to our Service for an independent review. Our Investigator considered the complaint but didn't recommend that it be upheld. As the dispute remains unresolved, it's 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

The scope of this decision

There is no dispute about two separate loss events occurring here. Mr M has referred to the previous claim from 2024. I need to be clear that I'm not considering that settlement, or the terms on which it was offered. If Mr M is unhappy with the previous settlement terms, he'd need to raise that as a new complaint.

Its' relevance to this complaint and decision is Zurich have said they're not persuaded the settlement was used for repair/reinstatement of areas that were also affected by the second flood event. In summary, they say the first settlement should still be sufficient to indemnify Mr M for the latest damage caused as there's no persuasive evidence that it has been used for its' intended purpose.

The claim

Having carefully considered the evidence, I don't uphold this part of the complaint for the following main reasons:

- In an email from Zurich to Mr M on 18 June 2025, they said: *"We can see that from our previous site images and the images taken in 2025, no reinstatement works were done and only one vanity basin was changed. The £18,150.00 paid was to account for the floor, wall tiles, door, WC skirting, ACM Removal and other items, none of which were done."* I find this to be a reasonable challenge.
- I've then considered the evidence to support what works were carried out. Even if I accept Mr M's explanation that he undertook the necessary works himself, including removal of damaged material, cleaning and drying of affected areas and repairs to flooring and walls, I'd still reasonably expect to see some persuasive evidence - such as receipts, proof of payment or before and after photos. Nothing persuasive has been provided to either Zurich or our Service.

I say this because the photos provided are not dated and could be related to works carried out after the second flood. The receipts provided also either have no date, or are dated after the second flood. The quote for works provided by Mr M is also not at all persuasive as it highlights what needs done, not what works were carried out before the second flood occurred.

Zurich have shared a comparison image of the toilet area dated after the 2025 flood event and it's very clear that aside from a replacement sink/washing unit, the remainder of the room is as it was following the 2024 flood event. This undermines Mr M's position.

- Zurich relied on the below term to not settle the second claim:

"3. Any additional amount which may be payable solely due to this Reinstatement Condition will be paid only if:

- a) Reinstatement commences and proceeds without unreasonable delay*
- b) the cost of Reinstatement has been actually incurred..."*

I find this reasonable, for the reasons outlined above. Ultimately, this type of policy operates on the basis of indemnity. That is, placing the policy holder in the position they were in immediately prior to the loss, not in a better off position. Mr M has not been able to satisfactorily evidence that he carried out the works the 2024 settlement was intended to be used for, before the 2025 flood event occurred.

Summary

Mr M has had a fair opportunity to show that he used the previous cash settlement from 2024 to carry out necessary repair works before the second flood event in 2025. I find Zurich's consideration and response to the claim to be fair, reasonable, in line with the with the policy terms and the intention of this policy.

The service provided

It's not in dispute that Zurich have let Mr M down. I say this because in their final response letter, they stated:

"I can see you have chased for updates throughout the initial stages of your claim and during this period, I agree there was minimal contact from our Loss Adjuster, once his preliminary visit had been completed. Principally this was because there

was little to say, other than we are waiting for the council to complete its work on the drains.

Nonetheless, I am sorry that we did not fully respond to your calls, or keep you updated on what progress was being made. I would therefore like to offer £75 by way of compensation for any trouble and upset caused. Please provide me with your bank details (sort code and account no.) and I will arrange for payment.”

Having carefully considered what’s happened and the impact on Mr M alongside our published guidelines on these types of awards, I find the £75 offered (and confirmed as paid by Mr M) is broadly fair, reasonable and proportionate.

My decision will likely disappoint Mr M, but it ends our Service’s involvement in trying to informally resolve his dispute with Zurich. Mr M may be able to seek independent advice on speaking to his local council or the third party responsible for the maintenance of sewers/drains in his area where the flood occurred.

My final decision

My final decision is I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr M to accept or reject my decision before 10 March 2026.

Daniel O’Shea
Ombudsman