

The complaint

Mr B complains about the way Zurich Insurance Company Ltd (“Zurich”) dealt with a claim for storm damage made on his home insurance policy.

Zurich is the underwriter of this policy, i.e. the insurer. Throughout the claim Mr B was dealing with other companies who act as Zurich’s agents. Since Zurich accept it is accountable for the actions of its agents, in my decision, any reference to Zurich includes the agents.

What happened

Mr B has a home insurance policy with Zurich.

In June 2024 Mr B made a claim for an escape of water following a storm. The claim was accepted and Zurich appointed its loss adjuster to manage the repairs.

The damage was due to an ingress of water resulting in flooding to the converted basement – in which there was a kitchen, bathroom, utility room and living space. By August 2024 a strip-out and drying works had been carried out prior to the main repairs starting.

In November 2024 Mr B was waiting for Zurich to confirm when the remaining work would begin. A start date of early January 2025 was initially agreed although this was pushed back. There was some confusion over the basement flooring and who was installing it. There was also a delay in payment of electricity usage and some items missing from the schedule of work. The reinstatement work was completed in March 2025 but the issue with the flooring remained outstanding.

Mr B wasn’t happy with the way the claim was being handled – with him having to chase for updates, chasing for payments, contractors missing appointments, and delays in reinstatement work starting. So he complained to Zurich.

Zurich accept there were avoidable delays in progressing the claim, that Mr B had to chase for updates on a number of occasions, and it agreed the communication could have been better. It offered Mr B £800 for the distress and inconvenience caused by its handling of the claim; this was later increased to £1,000.

Mr B declined Zurich’s offer, stating that it failed to reflect the extent of the upset, distress, and the impact caused by the way the claim was handled. So he referred his complaint to this Service.

Our Investigator considered the evidence and concluded that Zurich hadn’t acted fairly. She said it was clear there were delays that could have been avoided and the claim should have been managed better. She thought the £1,000 fairly reflected the distress caused by Zurich’s handling of the claim. However, she recommended Zurich pay interest on the electricity usage costs since it received the costs in August 2025 and payment wasn’t made until

around March 2025. So the Investigator recommended Zurich pay Mr B interest from 22 January 2025 to the date the costs were paid.

Mr B agreed with the Investigator's view but Zurich didn't. It said its final response to Mr B's complaint included the delay for reimbursing electricity costs and miscommunication around it – it said compensation was increased from £800 to £1,000 to reflect this. So the Investigator considered the evidence again. She conceded her review should have gone up to 12 May 2025 since that's when Zurich increased its offer, and that she wasn't able to tell Zurich to pay interest on the electricity costs since it had already paid them. And she thought the compensation payment reflected the delay in reimbursement of the electricity usage payment.

Mr B didn't agree. He said there was no transparency on how £1,000 was arrived at, and he feels he should be awarded interest on being deprived of the use of the money. Because a resolution couldn't be reached the complaint has come 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.

I should explain that I won't be repeating the entirety of the complaint history here in my decision, or commenting on every point raised. Instead, I've focused on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion. This reflects the informal nature of this Service, and our key function; to resolve disputes quickly, and with minimum formality. However I want to assure both parties I've read and considered everything provided.

To be clear, my review of Mr B's complaint is from the date of the claim in June 2024 to 12 May 2025 when Zurich increased its payment for distress and inconvenience.

The relevant industry rules say an insurer should handle claims promptly and fairly. The damage to Mr B's home occurred in June 2024. Zurich appointed a loss adjuster to deal with the claim. Initially things appeared to be moving relatively promptly but there were several delays and lots of chasing as the claim progressed. So I don't think Zurich dealt with the claim promptly or fairly.

I can see Mr B contacted Zurich on a number of occasions to obtain an update on the claim and to get the reinstatement work completed as quickly as possible. I've thought carefully about everything that happened up to Mr B's initial complaint to Zurich, including how Mr B says he's been impacted by these issues. It must be noted that insurance claims like this are likely to cause significant distress and inconvenience by their very nature, and that isn't the fault of the insurer. But in this case, I think further unnecessary distress and inconvenience has been caused. So I think it's fair to conclude Zurich haven't acted fairly towards Mr B.

Zurich has accepted the service Mr B received wasn't the level it would expect and awarded him £1,000 to reflect the distress and inconvenience caused. I appreciate Mr B doesn't think this is enough – and I've read what he's said about the impact and stress he's suffered. I've considered this along with what Zurich did to try and resolve things.

I want to be clear that I'm not saying Mr B and his family haven't been through a distressing and worrying time. I empathise with the situation he found himself in and don't underestimate the level of stress he's been under for a significant period of time. Unfortunately, I don't think this is all due to Zurich.

Insurance premiums

Mr B wants to know how his current claim may impact future insurance premiums. Zurich wasn't able to provide any detail about the likely impact since it would depend on an individual insurer's underwriting criteria at the time of taking out the policy. Since every insurer has its own criteria on what risks they will accept I think that's reasonable. So I don't uphold this aspect of Mr B's complaint.

Distress and inconvenience

I acknowledge Mr B's concerns that the compensation awarded doesn't cover the level of distress and inconvenience caused. However I can only consider errors made by Zurich in the handling of the case, and not anything that happened after 12 May 2025.

Our guidelines say, 'An award of over £750 and up to around £1,500 is likely to be fair where the impact of a business's mistake has caused substantial distress, upset and worry – even serious offence or humiliation. There may have been serious disruption to daily life over a sustained period, with the impact felt over many months, sometimes over a year'.

So I think Zurich's compensation and apology are a fair response to the complaint. £1,000 is in line with our published guidelines for compensation in similar cases and is in line with what I would have awarded. So I won't be asking Zurich to pay more.

Interest payment

I know Mr B wants Zurich to pay interest on the payment for electricity usage. Our rules say we can only award interest on a money award we're making - i.e. if I was telling Zurich to pay the electricity costs. Here, Zurich has already reimbursed the electricity usage costs and I think the compensation offered fairly reflects the delay in payment of the same.

Conclusion

Having considered the detail of what went wrong and the award offered by Zurich, I think £1,000 to be fair and reasonable in the circumstances. I appreciate this will come as a disappointment to Mr B as it isn't the outcome he had hoped for. But I hope he'll understand from what I've said why I formed this view.

My final decision

For the reasons I've explained I'm not upholding Mr B's complaint about Zurich Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 February 2026.

Kiran Clair
Ombudsman