

The complaint

Ms B complains about the way Zurich Insurance Company Ltd ('Zurich') handled an escape of water claim at her property.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again in detail here. Instead, I'll provide an overview and then focus on giving the reasons for my decision.

Ms B raised an escape of water claim in 2023 and said water ingress had caused damage to her property. Zurich arranged an inspection and accepted there was water damage, and further works were carried out, and Ms B was placed into alternative accommodation. Ms B went on to raise a number of complaints with Zurich about its handling of the claim, the extent and scope of reinstatement works, air quality testing and the arrangements for her to return to the property, and the impact she said the situation and ongoing claim had had on her health. Zurich issued a number of final responses to the complaints, which ultimately were referred to this Service and previous findings were made in respect of how to proceed and move towards concluding the claim.

This complaint is in relation to Zurich's final response issued in July 2025, which set out that the property had been fully reinstated, but that Zurich had agreed to carry out air quality testing, given Ms B's concerns over her health and the suitability of returning home. The final response also set out that Zurich would pay an additional £300 compensation to recognise any trouble and upset caused by their handling of the claim. Ms B remained dissatisfied with Zurich's response to her complaint – so, she brought it to this Service.

An Investigator looked at what had happened and ultimately recommended that the complaint should be upheld in part. The Investigator said there was no cover for any loss of use under the policy terms, and that Zurich had acted fairly in any event by providing alternative accommodation while reinstatement works had been completed. In respect of legal fees and other losses, the Investigator did not feel these should be reimbursed, except for Ms B's garden furniture, which the Investigator felt Zurich could have taken steps to protect. The Investigator concluded that Zurich should pay a sum of £500 compensation.

Both Zurich and Ms B did not agree in full with the Investigator's conclusions and asked for an Ombudsman to consider the complaint.

As the complaint has yet to be resolved, 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.

I should explain from the start that I won't be repeating the entirety of the complaint history here in my decision or commenting on every point raised. Ms B has submitted several

detailed and lengthy submissions about this complaint, and many of the points concern issues that this Service has previously considered, given the claim is ongoing. So, while I have considered them all in their entirety, I've focussed on what I consider to be the key points that I need to think about in order to reach a fair and reasonable conclusion to this specific complaint. This reflects the informal nature of this Service and our key function; to resolve disputes quickly, and with minimum formality.

I also need to make it clear what I am able to consider as part of this decision, because some of Ms B's complaint points concern alleged breaches of the Equality Act 2010 and claims for medical harm. My role isn't for me to make a legal finding about whether Zurich breached the Equality Act. That would be for a court to decide, and I understand those issues are currently being considered by the parties' instructed solicitors. But I have taken the Equality Act into account, as the rules of this Service require me to take into account relevant law and regulations, regulators' rules guidance and standards, and codes of practice when deciding what I consider to be fair and reasonable in all the circumstances of the complaint.

Given the length of the history of the claim and the volume of submissions made I won't repeat every point made. Instead, for clarity and ease of reference, I've set out each of the complaint points the Investigator addressed in turn below as part of my own findings.

Loss of use and alternative accommodation

The crux of this part of the complaint is that Ms B says, while Zurich accepted the claim and arranged alternative accommodation, they haven't fairly recognised that she has suffered a "prolonged functional loss of use" of her property. She maintains the property is not medically safe for her to return to and that Zurich's handling of the claim has contributed to an extended period away from it. Zurich says that the policy arranged by Ms B's local council is a buildings-only policy and it's designed to put the policyholder back in the position they would have been in prior to the insured peril. They say that loss of use is beyond the terms of the policy and isn't something it covers.

I've thought about this aspect of the complaint and considered the available evidence very carefully, but I ultimately do not find that Zurich acted unfairly here. The policy terms do not provide cover for a total loss or open-ended loss of use settlement. And ultimately, Zurich accepted the escape of water claim, carried out repairs and provided alternative accommodation while remediation works were completed. And I can see the alternative accommodation was extended on several occasions, especially after Ms B raised her medical concerns over returning to the property.

It follows that I do not find the evidence demonstrates Zurich acted unfairly in the way they handled this aspect of the complaint.

Blinds

This part of the complaint is that Ms B says Zurich acted unfairly because she was effectively expected to spend around £1,500 on custom blinds before knowing whether her property would be safe for her to return to. Zurich says that, following completion of the reinstatement works in May 2025, they reasonably expected the property to be ready for Ms B to return to and that furnishing and fitting items, such as blinds, would be part of that process. They said they had extended the alternative accommodation for Ms B pending the anticipated installation date of the blinds and that no financial loss ultimately arose because the blinds were not installed.

I accept Ms B raised a legitimate question here about whether it was reasonable for her to invest a significant sum of money on custom blinds before being told when she could return back to her property. And I can understand why she would have felt reluctant to incur those costs. However, I also note the blinds were not ultimately installed and no additional cost arose on this occasion. This means the complaint issue has not crystallised into an actual financial loss, and I therefore do not find that Zurich acted unfairly in a way that materially affected Ms B.

Garden furniture and clean-up costs

This complaint point was not one that Zurich responded to in their final response, but it was commented on as the complaint progressed, and I can see both parties have had the opportunity to provide responses about it. In brief, Ms B says a number of items of garden furniture were damaged during the course of the claim and she says the items were left outside and they deteriorated when they should have been protected or stored. The investigator felt that Zurich could have done more here and recommended that they pay the cost of replacement of the garden furniture. But Zurich says the policy terms, as a buildings-only policy, do not cover these items and that garden furniture did not form part of the insured loss. They also say they had agreed to contribute towards garden cleanup costs previously, which I find to be fair and reasonable, and that Ms B had her own contractors complete remediation works.

I agree that the policy itself does not provide cover for garden furniture's contents, so this isn't about whether the policy responds in the usual way and instead I make my finding on the basis of what I consider to be fair and reasonable in all the circumstances of the case. Zurich ultimately had control of the property and carried out works over a prolonged period of time and I think it's reasonable for Ms B to have expected them to take appropriate care to avoid causing foreseeable damage to items at the property. It appears that the garden furniture items remained exposed during the course of works where reasonable steps such as covering or storage them could have been taken instead.

On balance, I agree that a fair and reasonable conclusion here is for Zurich to bear responsibility for any damage that followed in those circumstances. I therefore find that Zurich should reimburse the reasonable cost of replacing the damaged items subject to evidence of purchase or ownership where available, reasonable replacement costs on a like for like basis, and any deduction for fair wear and tear if appropriate.

Legal fees

Ms B has asked for a direction to award her the legal costs she says she incurred at the point that Zurich told her they would be ending her alternative accommodation entitlement. She says she instructed solicitors to avoid becoming homeless. Zurich has set out that Ms B was already instructing solicitors in relation to an Equality Act claim.

As a general position, while this Service is able to award costs where it considers that it would be fair to do so under DISP 3.7.9, we do not usually require an insurer to pay a customer's legal costs for pursuing or defending a complaint. This Service's process is designed to be informal and accessible without legal representation, and we would usually only direct reimbursement of legal costs where it can be shown the costs were unavoidable and incurred as a direct consequence of an insurer's actions.

While I sincerely appreciate that Ms B would have felt concerned at the time she was told the alternative accommodation entitlement would be ended, the available evidence I've seen does not persuade me that the legal fees claimed were reasonably necessary in order to protect Ms B's position in relation to the insurance claim itself. As Zurich has set out, Ms B

had already engaged solicitors in connection with her Equality Act claim. Additionally, any concerns about the ending of alternative accommodation could have been referred to this service, as Ms B has been shown to do previously in relation to other aspects of the claim.

I can also see that Zurich did extend alternative accommodation following further engagement on several occasions. So, while I understand that Ms B may have wanted to obtain professional representation via a solicitor, I'm satisfied this was ultimately a decision she made. And I haven't seen anything to suggest that legal representation was necessary for Ms B to pursue her complaint or that any exceptional circumstances apply here. As such, I do not consider it fair or reasonable for me to direct Zurich to reimburse Ms B's legal fees.

Additional costs (Building forensic report, broadband, and a replacement window)

I do not intend to make an extended finding on this part of the complaint, as I can see the Investigator has already addressed the main issues around these points which I am satisfied produces a fair and reasonable outcome overall.

In relation to the building forensic report, Ms B requested that Zurich pay the invoice sum for the report which was previously underway. And the Investigator previously said that Zurich should confirm the payment has been made and if not, make the payment in a timely manner. However, Zurich has now provided updated submissions on this issue and said the invoice Ms B had provided did not contain any detail and their claims team had requested full details of what the invoice was for.

This was not a point raised as part of the complaint that Zurich issued a final response to previously. So, at this stage, I have reached the same overall conclusion as the Investigator and Zurich should formally either pay or reject this sum and clearly outline to Ms B why this is. Should Ms B remain dissatisfied with the response, she can raise this as part of her subsequent complaint with Zurich.

In relation to Ms B's request for reimbursement of broadband, council tax, service charges and similar expenses she says she's incurred, I note that these points have been previously considered under a separate complaint. And in any event, the policy does not provide for reimbursement of such general living expenses beyond alternative accommodation where applicable.

In relation to the cost of the replacement communal window, I have reached the same outcome as the Investigator, and I do not find that Zurich is responsible for this cost. The replacement window was not a direct result of the insured escape of water and therefore is not something Zurich is required to contribute towards.

Reasonable adjustments and the Equality Act

Ms B has made several detailed submissions which detail her concerns around Zurich's compliance with the Equality Act and she says they failed to make reasonable adjustments in light of her medical sensitivities.

As I explained previously, it is important to note that this Service cannot make a legal finding that the Equality Act has been breached, because the Equality Act makes it clear that this is a matter for the courts to decide. And I understand Ms B has started separate legal proceedings which are ongoing between the parties and their instructed solicitors. However, as part of our investigations we do take relevant law, best practice, and industry guidance into account so we can decide whether we think a customer has been treated fairly and reasonably.

I can see that this claim has been problematic for Ms B from the start, and I can understand how upsetting it would have been to have the claim take so long to conclude. I can see there have been numerous disagreements about the sequencing and scope of reinstatement works and the need for air testing, and what Ms B says is a medically safe return for her. From looking at the claim history, I also think there are examples where Zurich's communication around certain complaint points could have been clearer and more structured.

However, I also have to balance this against the fact that Zurich did accept the insured claim and funded reinstatement works, provided alternative accommodation, which was extended on numerous occasions whilst works were ongoing, agreed to air quality testing following Ms B's concerns being raised, as well as agreeing to deep cleans and additional remedies outside of the strict policy terms in order to make things right for Ms B. Overall, I haven't seen any persuasive evidence that demonstrates Zurich refused to engage with Ms B's health concerns or withdrew support in a way that I think would amount to a failure to make reasonable adjustments within the context of the claim.

I recognise that doesn't mean the claim process was straightforward, and I accept that clear communication may have been able to help reduce anxiety for Ms B. But on balance I'm not persuaded that Zurich's handling of the claim demonstrates that they did not take steps to make reasonable adjustments to accommodate Ms B's needs.

Claim handling and communication

As I've already set out aspects of Zurich's claim handling as part of my findings above, I don't intend to make a further extended finding here. Additionally, Zurich has already acknowledged that their service fell short at times and offered £300 compensation to recognise any additional trouble and upset caused by the handling of the claim. I can see the Investigator felt that Zurich should increase this to a total of £500, which she felt was fair and reasonable. So, my role is to decide whether that's enough compensation to put things right.

In terms of making a compensation award, it's important for me to highlight that this Service doesn't punish or fine businesses. A compensation award is intended to reflect the impact a business's actions had on their customer. I also need to make it clear that I am only considering a specific period of time, up until Zurich's third final response letter in July 2025. So, I've considered Ms B's testimony about how she says this claim affected her, while balancing the fact that Zurich did take steps to manage and put right the claim.

I was of course sorry to hear about the impact this situation has had on Ms B, and I understand it has been a long-running process for her. I also understand Ms B has experienced health issues and I do not doubt this situation would have been distressing for her. But overall, I think the total compensation award of £500 is fair and reasonable and is in line with the level of compensation appropriate to the impact Zurich was responsible for. And I am satisfied this award of compensation produces a fair and reasonable outcome to this particular complaint.

Putting things right

In order to conclude this complaint, Zurich should:

- Reimburse the reasonable cost of replacing Ms B's garden furniture, subject to evidence of purchase or ownership where available. The costs should be on a reasonable replacement like for like basis, and any deduction for fair wear and tear if appropriate would be fair.

- Pay a total of £500 compensation for distress and inconvenience.

My final decision

For the reasons I have set out, my final decision is that I uphold this complaint in part. I direct Zurich Insurance Company Ltd to conclude the complaint in the way I have outlined in the “Putting things right” section above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms B to accept or reject my decision before 25 March 2026.

Stephen Howard
Ombudsman