

The complaint

Mr A and Mrs T complain about the way Zurich Insurance Company Ltd ('Zurich') handled an escape of water claim they made on their property insurance policy.

Mr A has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, as those of 'Mr A'.

What happened

Mr A was the beneficiary of a property insurance policy underwritten by Zurich. He made a claim in September 2023 for a leak which caused damage to his property and to the flat below his. Zurich accepted the claim, and remedial action was taken during the remainder of 2023 and into 2024. In August 2024, strip out works were carried out and then drying works were completed by early September 2024 when the property was ready for reinstatement works to begin. Zurich initially arranged hotel accommodation for Mr A and later provided longer term alternative accommodation. Zurich also agreed to make loss of rent payments in respect of his tenants, rather than arranging alternative accommodation for them and these arrangements were in place for several months while the claim continued.

Mr A raised concerns with Zurich and the contractors about the time it was taking to progress the reinstatement works, the condition of the property during the works, and the adequacy of the arrangements made for accommodation. Mr A said that delays on Zurich side had resulted in an unnecessarily prolonged period out of his property and had caused him significant disruption and financial impact. Around March 2025, Zurich said that the works were largely complete and agreed to cash settle the remainder of the redecoration costs. They also advised Mr A that his entitlement to alternative accommodation would end.

Mr A went on to raise a complaint with Zurich. He said that his property was uninhabitable during the relevant period of works and he said he was provided unfurnished alternative accommodation and had purchased household items to use which Zurich should reimburse. He also raised concerns about the condition of specific rooms at his property, and the availability of household items while his contents were in storage.

Zurich considered the complaint but did not uphold it. They said they did not agree that Mr A's property was uninhabitable for insurance purposes; and said the damage was limited in scope and that essential services remained available. They said while they agreed the works had been disruptive, the situation did not meet the policy's threshold for uninhabitability. Zurich concluded that the alternative accommodation and loss of rent payments they had paid were provided on a pragmatic basis in order to keep the claim moving forward and these had now ended. Mr A remained unhappy with Zurich's response to the complaint – so, he brought it to this Service.

An Investigator looked at what had happened and issued several recommendations before ultimately concluding that they didn't think the complaint should be upheld. The Investigator accepted that the claim had been disruptive and that works had taken longer than Mr A would reasonably have wanted. However, they were not satisfied the condition of the property met the policy threshold for being uninhabitable. The Investigator outlined that while

one bathroom had been affected during the works and certain rooms were incomplete at different stages, the property had more than one bathroom available and retained essential living facilities. The investigator also felt Zurich's provision of alternative accommodation was fair and because Mr A had chosen the location himself, knowing it was unfurnished; they didn't think Zurich needed to reimburse Mr A's furniture expenses. Finally, the Investigator said Zurich's decision to pay loss of rent payments during the claim was fair and reasonable and ultimately concluded that Zurich had not acted unfairly.

Mr A did not agree with the Investigator's recommended outcome. He made several detailed submissions, but in summary he said:

- The property was uninhabitable in March 2025 due to the outstanding works, including a lack of heating and lighting.
- The Investigator had referred to other bathrooms being available in the property, but Mr A said this was incorrect and the property was a house in multiple occupation ('HMO') and therefore the property's other bathrooms were not usable.
- He disagreed the outstanding works were 'snagging' and maintained the shower was not working and the sink was blocked.
- Sufficient weight had not been given to the risks posed by the ongoing disruption and accommodation arrangements.
- He had been provided with alternative accommodation that was unfurnished and wanted Zurich to reimburse his costs.
- Zurich's handling of the claim had caused him significant financial difficulty, including loss of rent and wider financial consequences, which he felt had not been properly considered.

As the complaint is 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.

Having done so, I've reached the same overall conclusions as the Investigator, and I do not uphold this complaint.

I should first set out that I acknowledge I've summarised Mr A's complaint in a lot less detail than he's presented it. Mr A has raised a number of reasons about why he's unhappy about what's happened regarding this claim. He's also provided several detailed submissions about why he disagreed with the Investigator's recommended outcome. However, in this decision, I haven't commented on each and every point raised, but instead, I've focussed on what I consider to be the key points I need to think about in order to reach a fair outcome. I don't mean any discourtesy by this; it simply reflects the informal nature of this Service. I assure Mr A, however, that I've read and considered everything he's provided.

As such, I consider the relevant points of this complaint to be the alternative accommodation provided under the policy and the property being uninhabitable, as well as Zurich's approach to paying loss of rent, any general claim delays, and Mr A's replacement furniture concerns. I've referred to each of these points in turn below for ease of reference.

Alternative accommodation

The terms relevant to this part of the claim say Zurich will pay for alternative accommodation in the event of any damage which renders the property uninhabitable. I've thought very carefully about Mr A's submissions, that the property was uninhabitable, particularly in March 2025, because of outstanding works and a lack of heating and lighting. He also says the property's other bathrooms were not available to him given the property was a HMO. I do not doubt that these works would have been obstructive, but the evidence I've seen does not persuade me that the property met the threshold for being uninhabitable throughout the period Mr A says it did.

I can see that Mr A has outlined that there were no heating facilities; and while I can see that a radiator was removed from a wall in order to paint behind it, I don't think that this demonstrates that essential services were absent to agree that the property could not reasonably be lived in, particularly where this appears to have been temporary and localised to the reinstatement works. The photos I've seen as part of this complaint suggest that property was an ongoing state of reinstatement and snagging, which is understandably unpleasant, but does not mean the property is uninhabitable. In any event, the question I need to answer is not whether the arrangements were ideal, but whether the insured home was uninhabitable.

As the investigator has previously set out, the property does have multiple bathrooms, and while Mr A says that the other bathrooms were not available because the property was an HMO, I've not seen sufficient evidence that the bathrooms were genuinely unavailable to him in the way he describes. But even if the other bathrooms were genuinely not available, I still don't think this would render the property uninhabitable. I say this because, while Mr A says the en-suite bathroom did not have adequate lighting, I do not think that the available evidence supports this. The photographs and wider evidence I've seen shows there was a functioning ceiling light in the bathroom by March 2025, after the tiles and shower had been installed. So, I'm not persuaded that the available evidence supports Mr A's submission that the bathroom was unusable, and that the property was therefore uninhabitable.

As such, I'm satisfied Zurich acted reasonably in taking the position that the claim did not justify ongoing alternative accommodation indefinitely. And I also note that Zurich initially arranged hotel accommodation and then longer-term accommodation which I think goes beyond what they were strictly required to provide for under the policy's terms. Therefore, I do not find that it was unreasonable for Zurich to end alternative accommodation cover at the point Mr A's property could be used again.

Loss of rent

Zurich agreed to make loss of rent payments for a period while the claim progressed. And from what I've seen, those payments were made on a pragmatic basis in order to support matters while reinstatement was ongoing. I do not find the available evidence supports that Zurich accepted an ongoing entitlement to loss of rent. Given what I've said above about the property being habitable, I don't consider it fair to direct Zurich to continue paying lots of rent beyond the point in which they reasonably concluded Mr A's property was no longer uninhabitable for policy purposes. I've taken Mr A's wider financial consequences on board, but I do not find it would be reasonable for me to direct Zurich to meet any indirect or broader commercial losses unless the policy clearly provides for them. Overall, I do not find that Zurich acted unfairly in how they approach loss of rent payments nor do I think they were unreasonable in bringing those payments to an end when they did.

Replacement furniture

Mr A says that the longer-term alternative accommodation he was provided with was unfurnished and he therefore bought household items which Zurich should reimburse him

for. I've considered the submissions made around this part of the complaint very carefully, but I do not find that Zurich needs to reimburse any of these costs.

At the point that Zurich arranged alternative accommodation, they were doing so to meet a temporary need arising from the ongoing claim. That doesn't automatically mean Zurich were responsible for Mr A's preferred choice of furnishing, or for purchasing items that went beyond what is reasonably necessary. I appreciate Mr A has said that he is entitled to a like-for-like standard of alternative accommodation, but based on everything I've seen, I'm ultimately satisfied the properties that Zurich proposed were overall suitable and sufficiently equivalent for the purposes of providing accommodation that met the policy's terms.

Zurich's claim notes record that Mr A engaged with Zurich around the type of accommodation and budget available and that he was involved in identifying and progressing options. And I also note the property Mr A decided to accept was presented as unfinished; so, I'm satisfied he was aware of the property being provided to him when he agreed to stay there. As such, based on the information I've seen, I'm not persuaded there is a fair basis for me to direct Zurich to reimburse Mr A's replacement furniture or household purchases he claimed for.

General claim handling

Mr A has said Zurich delayed the claim which prolonged the period of disruption and caused him avoidable inconvenience and financial strain. I've considered the timeline, available evidence, and claim notes as part of this complaint and I accept that reinstatement did not begin immediately after drying was completed and that overall timescales were longer than Mr A would reasonably have expected. However, I can see there were multiple issues and disagreements during the life of the claim, not all of which were due to Zurich's actions. Mr A halted works at the beginning of the claim and there also numerous examples of Mr A requesting various improvements to the finished works that naturally would have slowed down progress.

From what I've seen, I'm satisfied Zurich did take proportionate steps to progress the claim, including drying, reinstatement works, accommodation and interim payments for losses Mr A presented. And I don't find that is consistent with the claim being ignored and, on the evidence currently available to me, I'm not persuaded Zurich's handling of the claim fell short to the extent that I would reasonably make a compensation award.

Conclusion

I appreciate that this won't be the outcome Mr A has hoped for. And I don't underestimate the disruption this claim has caused him. However, having carefully considered all of the evidence and submissions, I'm not persuaded that the condition of the property met the policy's threshold for being uninhabitable during the relevant period. As such, I'm satisfied that Zurich acted reasonably in bringing alternative accommodation and loss of rent payments to an end when they did. I'm also satisfied Zurich wasn't required to reimburse Mr A's additional furniture purchases or wider financial losses. And while there were delays and disagreements during the claim, I'm not persuaded Zurich's overall handling fell short of what I would expect or that a compensation award is justified.

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 Mr A and Mrs T to accept or reject my decision before 13 February 2026.

Stephen Howard
Ombudsman