

The complaint

Mr W has complained about his let property insurer Zurich Insurance PLC, particularly in respect of a cash settlement it made to him for a water damage claim.

What happened

Mr W owns a flat in a block. In September 2022 Mr W made a claim to Zurich when a water leak in the block damaged his property. Zurich accepted the claim for repairs to Mr W's flat – but the structure of the building and some of its common parts were affected too, and the freeholder had to deal with any associated repairs of those items/areas.

The claim took some time to progress, with Mr W, at times becoming unhappy about what was being done or not done and what Zurich was proposing. Mr W complained to Zurich and this Service. My Ombudsman colleague, in October 2025, issued a final decision on one of Mr W's complaints which considered activity and related concerns occurring in the period 29 May 2024 to 28 March 2025.

Towards the latter end of that period, Zurich and Mr W had been discussing a cash settlement. At the end of March 2025, Zurich, satisfied as it was that it owed Mr W a substantial settlement for reinstatement work, decided to pay him the settlement sum it had offered. Mr W felt that was unfair as he had not agreed the settlement as offered. He'd previously complained to Zurich about some of the things it was and was not agreeing to reinstate and whilst many issues had already been considered by this Service, Mr W continued to raise concerns about the extent and scope of the cash settlement with Zurich. He also felt it was unfair that it had said its payments for loss of rent would stop.

In final response letters (FRLs) dated 14 April 2025 and 22 August 2025, Zurich responded to some of Mr W's concerns, some it said had been responded to before and it wouldn't say anything more. It did say it would pay £500 compensation.

Mr W made a further complaint to the Financial Ombudsman Service.

Our Investigator, considering the complaint, noted that some points had been considered previously. He explained we couldn't consider them again. He felt it had been fair for Zurich to make the cash settlement payment to Mr W. He was satisfied Zurich had based that settlement on a reasonable scope for repairs and that it had made a reasonable decision not to pay in line with an estimate for work Mr W had provided. He felt Zurich's decision regarding ceasing to pay loss of rent was fair. For the period under consideration in this complaint, our Investigator was satisfied that the £500 compensation offered by Zurich was fair and reasonable.

Mr W was dissatisfied with our Investigator's findings. He said points from previous complaints had to be reviewed again because it seemed prior Ombudsman had not seen certain evidence. He said Zurich had lied, or been lied to, regarding the lead time for reinstatement work – a period which directly affected its decision on payment of loss of rent. Mr W noted that in other decisions issued by this Service, the Ombudsman had awarded loss of rent where a claim has been delayed. So Mr W felt he should be awarded additional

loss of rent. He maintained that he had not agreed to anything and that Zurich's settlement couldn't possibly be fair as it was markedly below the costs put forward by a local (to him) contractor to complete the reinstatement and did not include some historically agreed costs. He said £500 compensation was not adequate, not least as he was losing more than that per week in lost rent.

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 find that Zurich, in the main has acted fairly and reasonably, I also find that whilst Zurich has accepted making some failures, it's reasonably recognised that by offering fair compensation of £500 to make up for any upset caused. I've set out some details below which I trust will assist the parties understand why I've come to this decision.

As of March 2025 Zurich was satisfied it owed Mr W £166,000 to settle his claim, with that sum including some loss of rent payments. Mr W did not agree with that sum. Zurich paid it anyway. That, in my view was absolutely the right thing for Zurich to do. It's actions in that respect were completely in line with what this Service would expect an insurer to do. It would have been unfair for Zurich to know it had liability for at least that sum and to not pay it to Mr W.

Having received the funds from Zurich, Mr W had the option to move forward with the reinstatement of the property to the point where the funds ran out. He could have, while that was happening, continued to pursue his complaint. He chose not to do so, and that was his choice to make, but I can't hold Zurich responsible for any resultant losses caused by that delay to the repairs.

The settlement paid by Zurich was based on the result of a tender. I'm satisfied that was a fair way for it to determine the likely cost of work. I note that since having completed the tender, and given only one contractor returned a bid, Zurich had the costs checked by another contractor. Zurich also noted that the contractor which had returned the bid had based that on an earlier and since amended scope of works. Noting that error Zurich made some adjustments which resulted in it paying an additional £4,620.90 to Mr W.

I know Mr W thinks it will cost him around £100,000 more than the reinstatement sum Zurich has offered to repair the property. But so far, despite Zurich having set a very clear and broken down schedule for the tender to be based on, Mr W's only price, put forward by a local contractor, does not contain that level of detail. The estimate completed by the local contractor lists lots of work but includes no measurements nor quantities for materials, nor individual prices for work, or even a breakdown between areas. For a project which the contractor says will cost £120,000 in labour plus an estimated £80,000 in materials, I find that surprising. And even more so that Mr W says that is the way this company presents all its estimates. Even without my Ombudsman hat on, thinking just as a consumer, I would not be satisfied to enter into a contract for that amount of work for those kinds of sums, on the basis of that vague detail.

I completely understand why Zurich is not prepared to make an amended settlement to Mr W based on the estimate he provided. I can't reasonably require Zurich to accept that estimate to make an additional payment to Mr W.

The fact that Mr W's estimate shows a much greater cost for reinstatement than Zurich's does not mean Zurich's must be unfairly low. And because the estimate Mr W has provided does not show a full and proper breakdown it isn't possible to even say that, to do the work

Zurich agreed to in its scope, Mr W will have to pay more than Zurich's settlement allowed for. Mr W has simply not shown that Zurich's settlement is insufficient for the work it agreed to cover.

I know Mr W thinks Zurich has missed things off of the scope. But Mr W hasn't provided a specific list of what he thinks is missing. He says it is all there in previous claim details and conversations. But what I see in all of what happened is that the schedule did change along the way and Mr W has made previous complaints about certain things – such as Zurich's change in position over the dry rot. I can't go back over matters which have already been dealt with. And I haven't seen any expert opinion presented by Mr W which suggests there is work necessary, as part of the insured repairs, to be done at the property which is not included in the scope Zurich has relied upon and based its settlement on. I'm not persuaded to require Zurich to increase its settlement to allow for any additional reinstatement.

Part of the tender process included the bidding contractor identifying their likely lead time and period for the works. That detail then steered the loss of rent payment Zurich made to Mr W as part of the settlement. Subsequent to the settlement the only bidding contractor told Mr W its lead time had changed – from the two weeks given in the tender to several months. I don't think either Zurich or the contractor lied about the lead time. Rather, from the email Mr W has provided, it seems, subsequent to the tender, the workload for the contractor changed. I'm satisfied that if Mr W found another contractor, whose costs were in line with the settlement, or whose costs Zurich agreed to pay, and that contractor gave their lead time which was different, Zurich would have taken that into account. But, without Mr W having actually started the process of reinstating the property, I can't blame Zurich for only paying the loss of rent in-line with the tender bid.

I appreciate Mr W would like Zurich to continue paying loss of rent whilst he awaited a determination (this decision) by this Service. However, Zurich had paid Mr W to settle his claim. And I've found that settlement, as amended, was fair. And, as noted above, Mr W could have used that settlement to progress the reinstatement. But he did not. His loss of rent then, in the months since the settlement, was not caused by any failure of Zurich.

I know Mr W has referenced out of pocket costs for things like visiting the property and other inconveniences he's suffered. There will always be things like this which will be experienced in the course of any claim, especially a complex claim like this. I haven't seen anything here which makes me think Zurich acted so poorly as to cause Mr W to incur costs.

In respect of inconvenience, Zurich has paid Mr W compensation during the course of the claim. In the period I am considering, Zurich has offered compensation of £500. Mr W says that sum does not make up for things like loss of rent which he feels he is owed – but it is not meant to, it isn't offered for that purpose. Nor, also as referenced by Mr W, is it paid in relation to defamation of character. Defamation of character being a specific legal term, with complaints about which, therefore, being decided by the courts.

The £500 compensation Zurich offered was to make up for the distress and inconvenience it had caused Mr W by taking time to respond in summer 2025 to some concerns he had raised. It was during this time as well that Zurich noted the issue with the scope the tender bid was based on and adjusted its settlement accordingly. I'm satisfied the £500 offered by Zurich is fair and reasonable to make up for the upset this poor claim handling by it caused Mr W. In line with our usual approach, because this sum hasn't been paid by Zurich, I'll now direct it to pay it.

My final decision

Zurich Insurance PLC has already made an offer to settle the complaint, and I think this offer is fair in all the circumstances.

So my decision is that Zurich Insurance PLC should pay Mr W the £500 compensation offered in its final response letter of 22 August 2025.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 February 2026.

Fiona Robinson
Ombudsman