

## The complaint

Mr H is unhappy with the settlement he received from Zurich Insurance Company Ltd after he made a claim under a property owners insurance policy for storm damage.

## What happened

Mr H let out his property on 19 September 2024. Shortly after the property suffered storm damage and could no longer be lived in until it was repaired. Mr H made a claim under his policy. Zurich accepted the claim.

Mr H says he released his tenant from the tenancy agreement after Zurich told him it was alright to do so.

Zurich authorised quotes for the repair works. The internal work was finished on 11 December 2024 and the property could have been occupied again from the next day. Mr H said the property was remarketed on 12 December 2024. A new tenancy agreement started on 7 April 2025.

Zurich paid loss of rent for the period from 20 September to 12 December 2024. Mr H thinks it should cover loss of rent up to 7 April 2025 together with the other charges he incurred such as cleaning, an inventory cost, reletting expenses and interest on those sums. Zurich didn't agree.

Mr H complained to Zurich. He was also unhappy with delays with his claim, incorrect advice and unnecessary requests for information. Zurich apologised for asking him for evidence of the property being marketed between December 2024 and April 2025 when it didn't need that information. It also apologised for delays in progressing his claim and responding to his information requests. It offered him £300 compensation for the trouble and upset he'd suffered.

Mr H referred his complaint to this service. I issued a provisional decision explaining why I was minded to uphold his complaint in part. An extract from my provisional findings is set out below:

*“My starting point is to look at the cover in Mr H's policy. This says that in the event of damage that makes the property uninhabitable, Zurich will pay the rent receivable, the cost of alternative accommodation or a cash allowance until the property is habitable again. On the face of it that means Mr H wasn't entitled to loss of rent after 12 December 2024 being the date the property was habitable again.*

*Mr H has argued that as Zurich agreed to the tenancy coming to an end, it should pay loss of rent until a new tenant was found as opposed to when the property became habitable again. I asked Zurich for a recording of the phone call referred to by Mr H but it was deleted after three months. Zurich's claim notes of that call on 23 September 2024 say:*

*“Tenant moved in on the Friday and damage occurred, so moved back out.”*

On 21 October the notes say Mr H had asked about loss of rent and the claim handler “confirmed would cover from when tenant vacated to when property is able to be let again”.

Unfortunately for Mr H there is nothing in the claim notes to support his allegation that Zurich agreed to the tenant being released from the tenancy agreement. So I’m not persuaded it would be fair to make Zurich cover additional loss of rent from December 2024 to April 2025.

Mr H has also argued that he was entitled to the cost of remarketing the property under section G35 of the policy which says:

“We will pay reasonable costs and expenses necessarily incurred with our consent during the indemnity period in reletting the premises including legal fees in connection with the reletting solely in consequence of the incident.”

He also asked for interest on late payment under section G36 which says:

“Where following an **incident** we are making a payment in respect of **rent receivable** and the payment to **you** by **us** is made later than the date upon which **you** would normally expect to receive such rent from the lessee **we** will pay a further sum representing the interest which **you** would have earned by placing the money in **your** normal deposit account on the earlier date.”

I asked Zurich to comment on this. It said Mr H would be entitled to these costs but it didn’t recall a claim for them being presented.

I provisionally think Zurich should consider Mr H’s reletting costs upon him providing evidence of them. For the avoidance of doubt, these should include the inventory charge but not the cost of cleaning the property. In view of the fact that Mr H received conflicting information from it during the claim, I hope Zurich won’t take issue with the fact that the costs weren’t incurred with its prior consent.

I don’t think Zurich’s understanding is correct with regard to Mr H’s claim for interest. I’ve seen an email from Mr H to Zurich dated 5 July 2025 in which he asked for such interest. Zurich had a copy of the original tenancy agreement in October 2024, so it has the necessary information regarding dates. I provisionally think that upon Mr H supplying Zurich with details regarding the interest the funds would have earned on deposit, it should pay him the interest due under this section of the policy.

Awards of compensation that this service makes aren’t intended to penalise a business. Instead we look at the impact on a consumer of any failings on the part of a business. There was incorrect advice, phone calls not being returned to Mr H, duplicate requests for information and he had to chase Zurich constantly for its claim to be progressed. But to its credit Zurich has recognised that its service should have been better and offered Mr H compensation of £300. That’s in line with what I would have offered if no such offer had been made. So I don’t intend to require Zurich to pay any more in this respect.”

Zurich accepted my provisional decision. In response Mr H made the following points:

- He has consistently maintained that he was advised by Zurich the release of his tenant from her contract wouldn’t affect his claim.
- Zurich shouldn’t have deleted the relevant call recording which would have proved this.
- His word should be accepted over Zurich’s as he’s provided evidence that discredits Zurich.

- He shouldn't be inconvenienced by having to supply proof of reletting costs when Zurich already had this information.
- He wasn't sure how to calculate interest.
- His bank details are unchanged.

### **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.

It's not unusual for businesses to delete some information like call recordings after a set period of time. Given Mr H's complaint, Zurich should have taken action to prevent the call from being deleted. But I don't think its failure to do this means it would be fair for me to conclude that Zurich misadvised him regarding his loss of rent claim. Zurich's call handler's notes do not support this. On balance I think it's more likely that there was a misunderstanding on Mr H's part.

As Zurich already has evidence of Mr H's reletting costs, I won't make the award conditional upon him resubmitting them.

I agree that the mechanics in the policy for calculating interest are rather cumbersome. As Zurich already has his bank details and has more expertise in this area, I think it should calculate the interest due based on the best savings account with his bank that Mr H might reasonably be expected to have opened.

As neither party has commented on other aspects of my provisional findings, I see no reason to change them and they now form part of this final decision.

### **My final decision**

I uphold this complaint and require Zurich Insurance Company Ltd to:

- consider Mr H's reletting costs;
- pay him the interest due under the policy on the lost rent calculated as set out above;  
and
- pay him compensation of £300 for the trouble and upset it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 April 2026.

Elizabeth Grant  
**Ombudsman**