

complaint

Mr A has complained about the handling of his claim for subsidence damage by Zurich Insurance PLC under his home insurance policy.

background

After Mr A submitted his claim, Zurich appointed a loss adjuster to visit the property and investigate the damage. The loss adjuster considered that subsidence damage had been caused by clay shrinkage, although it also suggested that it was possible a leak from nearby drainage was affecting the subsoil.

The loss adjuster subsequently informed Mr A that he was underinsured in respect of his buildings cover. Zurich advised that it was prepared to deal with the claim, but that Mr A would be required to pay a further contribution to reflect underinsurance in addition to the policy excess of £1,000 for subsidence claims. Mr A agreed to pay the additional sum of £296.44 identified in respect of underinsurance.

The loss adjuster originally intended to appoint a contractor to carry out site investigations and confirm the cause of damage. However, a neighbour's tree, considered to be the cause of damage, was subsequently removed. My understanding is that following the removal of the tree no further movement to the property occurred, and Zurich then commenced superstructure repairs.

As part of the claim, Mr A highlighted that the wooden flooring in the corner of the lounge had dropped downwards. Correspondence with the loss adjuster indicated that this damage would be repaired as part of the claim. However, the repairing contractor was not instructed by the loss adjuster to reinstate the flooring, and Mr A questioned why this was the case.

An inspection was carried out which involved lifting up part of the floor. The loss adjuster concluded that the cause of damage was rot that had led to a deterioration of the floor joists, rather than subsidence. Mr A was advised that rot was not an insured event covered under the terms of the policy, and so Zurich declined to deal with the repair of flooring.

Mr A complained to Zurich about the decision not to repair the floor, highlighting that he had previously been informed that this would be covered as part of his claim. He suggested that the investigations regarding the cause of subsidence had been inadequate, and that there had been poor communication between the loss adjuster and repairing contractor regarding whether the floor would be repaired. Mr A stated that the investigation of the cause of damage to his flooring had left the floor in an unsafe condition. He also stated that he had not been provided with a full structural report, and that this was causing him difficulties obtaining cover with other insurers.

In response, Zurich confirmed that it had initially considered leaking drains might be a cause of subsidence damage. However, it had concluded that as movement had stopped after the neighbour's tree was removed, this was the cause of damage, and no further investigations were necessary. Zurich considered that the Certificate of Structural Adequacy it had issued would be sufficient to approach other insurers for cover.

With regard to damage to flooring, Zurich stated that it was only able to investigate the cause of this by taking up a section of the floor. Its view was that this showed the damage was the result of rot, which was not insured under the policy. However, Zurich confirmed that it was

willing to cover the cost of taking up the damaged section of the floor, making good and sanding/sealing it. Zurich offered £1,860 in respect of these works. Zurich also offered £250 in recognition of the poor service that Mr A had received.

Mr A brought a complaint to this service. The issues he highlighted were as follows:

- The loss adjuster had confirmed in writing that the flooring would be repaired, but then withdrew this offer.
- The offer made to make good damage to the flooring that resulted from the loss adjuster's investigation is inadequate.
- The subsidence damage to his property was not investigated properly.
- The level of service and communication from Zurich and its agents was poor.
- Mr A had to pay an additional £296.44 due to underinsurance, but he does not accept that he was underinsured.

Mr A asked that he be fully reimbursed for repairs relating to his floor, and be compensated for distress and inconvenience caused whilst the claim was being dealt with.

Our adjudicator did not uphold this complaint. He agreed that Mr A had suffered a loss of expectation as a result of the loss adjuster initially advising him that the damage to the flooring would be covered. However, as the damage had not been caused by an insured event, he did not consider that Zurich was liable to repair it.

The adjudicator considered that Zurich's offer to cover the repair of the area of floor that had been removed in the course of its investigation to determine whether the damage to the floor had resulted from an insured event was reasonable. His view was that Zurich had carried out a sufficient investigation regarding the cause of the subsidence damage. Having repaired this damage, he considered that the issuing of a Certificate of Structural Adequacy was appropriate to allow Mr A to approach other insurers to obtain alternative cover. The adjudicator also concluded that the offer of £250 to reflect distress and inconvenience caused to Mr A by the handling of the claim was a reasonable one.

The adjudicator commented that Mr A had not previously raised a complaint with Zurich regarding its decision to charge him a payment due to underinsurance before it dealt with his claim. He therefore proposed that if Mr A wished to pursue this matter, he would in the first instance need to make a complaint to Zurich.

Mr A did not agree with the adjudicator's findings. He stated that he had received a written guarantee that damage to the flooring would be covered under the subsidence claim, and he therefore now requires Zurich to replace the flooring. Mr A also reiterated that a proper investigation of the claim was not carried out by Zurich. He asked that his complaint be reviewed by an ombudsman.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

At the outset, I should highlight that Mr A's concerns regarding Zurich's decision to charge him an additional sum due to underinsurance do not appear to have been raised directly with Zurich prior to a complaint being referred to this service. In the event that Mr A wishes to pursue a complaint regarding underinsurance further, he will need to raise this directly with Zurich. If he is dissatisfied with Zurich's response, he will be able to request that this service investigates a new complaint regarding this matter.

In terms of the matters considered under this complaint, for ease of reference I will address these under sub headings.

the investigation of the cause of subsidence

The loss adjuster appointed by Zurich initially considered that subsidence damage had been caused by clay shrinkage resulting from roots altering the moisture content of the clay subsoil. The loss adjuster also stated that it was possible that an escape of water from nearby drains had affected the subsoil.

Subsequently, a neighbour's tree that had been identified as a possible cause of the clay shrinkage was removed. It seems that the loss adjuster had originally intended to carry out further site investigations to determine the cause of subsidence. However, my understanding is that no movement to the property was noted after the tree had been removed. Zurich later carried out superstructure repairs and issued a Certificate of Structural Adequacy, indicating that it considers the cause of the subsidence movement has now been remedied.

I acknowledge Mr A's comments that the extent of investigations carried out by Zurich was limited. However, Mr A has not suggested that the property continues to move. In the circumstances, my view on balance is that the investigations carried out on behalf of Zurich regarding the cause of subsidence were adequate.

Mr A has stated that he has encountered difficulties obtaining insurance with other providers due to the absence of an engineering report being provided to him, and that the cost of alternative insurance is high. However, Zurich has issued a Certificate of Structural Adequacy having carried out repair works, and has confirmed that it is willing to provide other insurers with further information regarding the claim if required. In my view, the actions of Zurich in this regard are reasonable.

the damage to flooring

Mr A has forwarded copies of email correspondence that he had with the loss adjuster regarding the flooring in his lounge. In November 2011, he asked whether "*the sunken wooden floor in the corner of the lounge will also be included in the schedule of works.*" The loss adjuster responded by stating that the floor would be inspected and "*repaired as necessary.*" At a later date, Mr A was informed by the loss adjuster that the repairing contractor had been asked to carry out repairs to the lounge floor.

It is clear that within the communications he had with the loss adjuster, Mr A was informed that repairs to the lounge floor would be carried out by Zurich. However, Zurich had not at this time determined what had caused damage to the floor. An inspection was subsequently carried out that involved lifting part of the floor. The loss adjuster concluded that wet rot had caused damage to the floor joists, rather than the floor being damaged by subsidence.

Mr A has requested that Zurich deal with damage to his flooring because it initially stated that it would as part of the subsidence claim. The balance of evidence submitted indicates that the damage to flooring was the result of rot, rather than subsidence. As damage caused by rot is not covered under the terms of the policy, although the loss adjuster incorrectly indicated that the damage to the lounge floor would be repaired under the subsidence claim, my view is that Zurich is not required to deal with this damage.

It is clear that the loss adjuster misled Mr A by informing him that the damage to the flooring would be covered under the subsidence repairs. Whilst I do not consider that this should result in Zurich being required to carry out repairs to this uninsured damage, my view is that the loss adjuster's actions caused Mr A unnecessary distress and inconvenience. My findings regarding the distress and inconvenience caused to Mr A are detailed later in this document.

In the course of investigating the cause of damage to the flooring, part of the lounge floor was lifted up. Zurich has agreed to pay Mr A £1,860, which it has calculated is the cost of making good the damage relating to the lifting up of the floor. Mr A has asked that Zurich pay him the full cost of replacing the floor. As explained above, my view on balance is that the cause of sinking to the floor is rot. As this is not covered under the policy terms, I do not consider that Zurich is obliged to cover the cost of replacing the floor. The weight of evidence indicates that the offer made by Zurich is sufficient to repair that part of the floor uplifted during its investigations. My conclusion is that the offer made by Zurich is a fair one.

the handling of the claim

Mr A has stated that whilst his claim was dealt with, the level of service and communication from Zurich and its agents was poor. My view is that the misleading information provided by the loss adjuster regarding whether the sunken flooring would be covered caused Mr A a loss of expectation. I also consider that the cause of damage to the sunken flooring should have been determined by Zurich at an earlier date.

My view is that Zurich and its agents delayed in elements of the handling of the claim, and that communication regarding what was covered under the policy terms should have been better. These errors on behalf of Zurich caused Mr A unnecessary distress and inconvenience. However, awards made by this service under this heading are in general modest. Taking into account the overall handling of the claim, my view is that Zurich's offer of £250 compensation is a reasonable one.

my final decision

My final decision is that I do not uphold this complaint, and I make no award.

John Swain
ombudsman