

## **complaint**

Miss O complains about how Zurich Insurance Plc handled and settled a claim she made under her buildings insurance policy for water damage.

## **background**

Miss O lives in a privately owned two storey flat within a council block. On 18 April 2018 an escape of water caused damage to both storeys of her flat. This escape of water was due to a blockage in the main soil stack leading to Miss O's flat, which caused her sink to fill up and overflow onto the floor. As a result her bathroom flooring and hallway ceiling sustained damage.

Miss O said damage was also caused to her boiler, the flooring in her living room and hallway. And she stated that, during this incident, water leaked into the main circuit box, which caused an electrical failure. As a result food in her fridge and freezer had to be discarded. She also said her lights flickered.

The terms of Miss O's lease stipulate that her buildings insurance is arranged by her local council. This insurance is provided by Zurich. So, Miss O contacted Zurich in order to make a claim under that policy for water damage.

Zurich said it was notified of Miss O's claim on 20 June 2018. It appointed a loss adjuster to attend Miss O's property and assist it with her claim. I'll refer to the loss adjuster as "C" within this decision. And, on 28 June 2018, C attended an initial visit of Miss O's flat during which it investigated the source of the leak and scoped the repair works necessary to restore her property to its pre-loss state.

Following this visit Zurich agreed to cover damage to the flooring in Miss O's lounge and bathroom. It also agreed to cover damage to the hallway ceiling and bathroom wall coverings. However, it declined to cover damage to Miss O's hallway flooring, her boiler and issues with her electrics as it said these were all unrelated to the escape of water. It also declined to cover any loss of food contents due as this wasn't covered under Miss O's policy.

Miss O was dissatisfied with how Zurich intended to resolve her claim. So she referred her complaint to our service. Our investigator looked into what had happened but they didn't uphold Miss O's complaint. Overall, they thought Zurich had acted fairly. But Miss O disagreed and asked for her complaint to be referred to an ombudsman.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My role is to assess whether I think Zurich made a mistake, or treated Miss O unfairly, such that it needs to now put things right. And, having thought carefully about everything she and Zurich have said, I'm afraid to say that I don't think it did. I appreciate Miss O will be disappointed by this outcome. But I hope she can understand the reasons behind my decision.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here I must base my decision on the balance of probabilities. I've read and considered all the

information provided by Miss O and Zurich, but I'll concentrate my decision on what I think is relevant to decide the complaint. If I don't comment on any specific point it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Miss O's policy provides cover for damage caused by a range of perils that might happen. These are specific one-off events and include escape of water, for example. In order for a claim to be successful a policy holder would have to show that the damage they're claiming for was caused by one of the perils listed in the policy.

There's no dispute that water damage occurred to Miss O's property. Zurich accepts that this was caused by an issue with a communal soil stack. However, there's a dispute between Miss O, Zurich and its appointed agents about the extent of the damage that occurred and the correct outcome of this claim.

I've identified seven parts to Miss O's complaint and I think it will make things clearer if I deal with them separately.

#### *Electrical fault*

Zurich said the kitchen light circuit and downstairs sockets were tested and found to be in good working order. Miss O requested that Zurich test her upstairs lights and sockets. But it declined to do so as it said the location of the escape of water meant the upstairs lights and sockets couldn't have been affected.

I understand that Miss O is unhappy with that decision. But I don't disagree with Zurich's comments here. I say this because I've seen evidence that the leak happened at a lower level. So, I'm not persuaded the upstairs lights and sockets were affected.

I can see that both Zurich and our service invited Miss O to obtain an independent report confirming that the wiring had been damaged by the escape of water. I understand that Miss O hasn't provided our service with any evidence on this issue. So, I can't fairly conclude that Zurich erred in declining to cover this part of Miss O's claim.

#### *Boiler*

I understand that Miss O told Zurich and our service that her boiler was damaged in the escape of water. But Zurich dispute that.

Miss O showed our service correspondence that she received from her local council that showed her water tank was corroded and the overflow pipe was incorrectly connected to the sink. But Zurich has shown our service evidence that proves a blockage to the soil stack caused the escape of water.

Like our investigator I haven't seen any evidence that demonstrates the boiler was damaged as result of the leak. It maybe that the leak in April 2018 highlighted pre-existing problems with Miss O's boiler of which she was unaware. And, overall, I'm persuaded Zurich properly investigated whether it should cover a claim for repairing Miss O's boiler. I'm satisfied the escape of water didn't damage Miss O's boiler. So, I can't fairly ask Zurich to replace it.

#### *Lounge floor allowance*

Miss O wasn't happy with the flooring allowance Zurich offered in relation to replacing Miss O's lounge floor. I can see Zurich initially offered to pay her £20/m<sup>2</sup> towards the cost of replacing this floor. But Miss O said this wasn't adequate as the flooring was solid wood. So, Zurich increased the amount it was prepared to pay to settle this part of Miss O's claim to £35/m<sup>2</sup>.

Miss O isn't happy with the value Zurich has offered for her replacement flooring. But, having carefully considered whether the amount it offered to settle this part of Miss O's claim fairly reflects the value of her damaged flooring, I'm satisfied the revised valuation is based on a similar quality to the flooring it's intended to replace. So, I'm persuaded Zurich has agreed to provide flooring that matches the quality and specification of Miss O's damaged lounge floor in line with the terms of her policy.

#### *Bathroom tiles and flooring allowance*

I understand that the bathroom tiles had to be removed so the plumber that attended Miss O's flat could gain access to the leak. I'm satisfied this is damage that wouldn't have been caused but for the escape of water. In those circumstances I'd expect an insurer to cover the cost of replacing any damaged tiles.

I can see Zurich has agreed to do so and it's offered Miss O £15/m<sup>2</sup> plus VAT towards the cost of replacement. It's clear that Miss O is unhappy with the amount she's been offered. She feels the tiles aren't being replaced on a like for like basis. However, Zurich has provided our service with evidence that shows a similar tile to the one Miss O chose, which retails at just over £15/m<sup>2</sup> inclusive of VAT. As this cost is less than the offer it made I'm satisfied that the amount Zurich offered Miss O to replace her tiles is reasonable.

I can see Zurich offered to pay Miss O £30/m<sup>2</sup> towards the cost of replacing her bathroom floor. She's stated that the offer Zurich has made is insufficient. But I haven't seen any evidence from Miss O that demonstrates this offer is unfair. And in the absence of that I can't fairly conclude Zurich's offer is inadequate or unreasonable.

#### *Defects to hallway flooring*

Zurich obtained evidence confirming that the damage to Miss O's landing floor was pre-existing and unrelated to the escape of water in April 2018.

Wear and tear, or damage that happens gradually, is excluded from Miss O's policy, which is in common with most home insurance policies. This is because insurance is intended to cover the unforeseen. And something wearing out or requiring maintenance isn't unforeseen.

I can see Miss O was invited by Zurich to obtain an independent report to confirm the damage was caused by the flood. However, I haven't seen any reports or evidence from Miss O confirming this. And in the absence of that I can't fairly conclude Zurich's decision to decline cover here was unfair.

#### *Claim for damage to contents of fridge and freezer*

Miss O told our service that, as a result of electrical issues caused by the escape of water, her she had to discard food in her freezer and fridge. I can see Zurich explained that it wouldn't cover this loss because this insurance is a buildings only policy.

Having read the terms of Miss O's insurance policy I'm satisfied Zurich hasn't made an error here. I say this because the policy covers "*the structure of your home and any permanent fixtures and fittings*". So, I can't say it's acted unreasonably in declining to cover the loss of Miss O's food.

#### *Quality of the work undertaken*

Miss O told our investigator that she's unhappy with the quality of the work that was undertaken. She also said the contractors Zurich appointed haven't completed tiling and plastering work in the bathroom.

Zurich has provided our service with evidence which shows it told Miss O that if she remained unhappy with the quality of the work undertaken by its contractors she should obtain quotations for the necessary repairs. It also gave C authority to proceed with any repairs once confirmed by Miss O.

Zurich said C contacted Miss O to discuss her concerns regarding the work it undertook. And she told it she didn't want to proceed with any further work until her complaint with our service had been resolved. I can see Zurich has acted on Miss O's instructions here and placed this aspect of her complaint on hold. In such circumstances I can't fairly conclude Zurich has dealt with Miss O unfairly or that it could have done anything more to assist her.

I realise Miss O will be disappointed with this decision. But it brings to an end what we, in trying to resolve her dispute with Zurich informally, can do for her. I'm sorry we can't help Miss O any further with this.

#### **my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 5 June 2020.

Julie Robertson  
**ombudsman**