

## **complaint**

Miss S complains that her home insurance premiums have been too high since Zurich Insurance PLC incorrectly recorded a subsidence claim against her late mother's policy.

## **background**

Miss S is unhappy that Zurich treated a claim made in 1991 as subsidence rather than settlement. She's also unhappy that it still takes this claim into account when calculating the premium. Miss S complained to Zurich. It looked into the complaint and replied in May 2015. It said it still takes a policyholder's claims history into account, even after 24 years. It also said it wasn't able to look into the claim because it was too old and beyond the date which it was required to keep records. Finally, it said that it considered the property's postcode was in a high risk area for subsidence. It said this would also affect the premium.

Miss S was unhappy with Zurich's review. Zurich looked at the matter again. It said its position was prejudiced due to the length of time since the claim was made and the fact it no longer had the claim file. It did look at the papers Miss S sent to it. Having done so (noting the property had been underpinned) it said that it thought the only possible insured peril (event) it could've considered the claim under was subsidence.

Miss S wasn't happy with this outcome so she complained to this service. Our adjudicator didn't recommend that the complaint was upheld. He explained the difference between settlement and subsidence. He reviewed the documents from 1991 that Miss S had sent us and thought Zurich hadn't unfairly recorded the claim as subsidence. He didn't think Zurich had treated Miss S unfairly by taking the 1991 claim, or the fact the property was in a high risk area for subsidence, into account when settling the premium.

Miss S disagreed with our adjudicator's conclusions. She said:-

- the consulting engineer clearly thought the 1991 damage was caused by settlement.
- that she didn't accept she lived in an area which was of high risk of subsidence. She said none of the neighbouring properties had made subsidence claims and they paid lower premiums for their insurance than she did.
- that it was unfair that Zurich continued to take a 24 year old claim into account when setting the premium.
- she sent in a newspaper article about another Zurich customer whose premiums had trebled after making a subsidence claim.

Our adjudicator considered what Miss S said but his opinion remained the same. He said that taking all the 1991 evidence into account, he still thought Zurich had correctly recorded the claim as subsidence. He said he couldn't comment on what her neighbours may or may not pay for their insurance. He also said Zurich's decision about what premiums to charge its customers was a matter of its own commercial judgement.

Miss S asked for her complaint to be referred for an ombudsman's decision. She said that we'd told her during a previous complaint that we could investigate if premiums were calculated based on incorrect information or, a consumer was a 'captive'. She said the fact Zurich was overcharging should concern us.

## **my findings**

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

There's only limited information available to me concerning the 1991 claim. Zurich no longer has its file so all I have is what Miss S has sent in. Having reviewed those few documents I think it's reasonable to conclude that the property suffered from subsidence in 1991. Zurich certainly went on to underpin it. There's no other peril the damage, and the repairs undertaken, could reasonably have been recorded under.

So, based on the limited information I've seen, I don't think Zurich wrongly, or unreasonably, recorded this claim as subsidence. It follows that I don't think Zurich calculated Miss S's premiums on incorrect information.

That being the case, I can't agree that Zurich is being unfair to Miss S when it takes her full claims history into account when setting her premium. Zurich's underwriters will have their own criteria when assessing a risk. One of those appears to be that it considers Miss S's post code area to be at high risk of subsidence. Zurich says this affects the premiums it charges. In fact, Zurich says it won't offer subsidence insurance to any new applicant in that area. For those policies it does renew, the premiums will be affected.

I've not seen any evidence that Zurich's applying these factors unfairly to Miss S when it sets her premium. I know Miss S doesn't accept that she lives in a high risk area – she says none of her neighbours have made subsidence claims. I can only look at Miss S's actual circumstance though, not those of her neighbours or anyone mentioned in a newspaper article.

## **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 S to accept or reject my decision before 17 March 2016.

Claire Woollerson  
**ombudsman**