

## **The complaint**

Mrs K complains about Zurich Insurance PLC's (Zurich) handling of a claim made under her holiday home insurance policy.

Where I've referred to Zurich, this also includes any actions or communication by agents, including Zurich's underwriting agent, acting on their behalf.

## **What happened**

Mrs K has a holiday home which she lets out. She also has an insurance policy for the property underwritten by Zurich.

Following the discovery of water entering the property, Mrs K arranged for a heat pump to be investigated as a potential cause. The property was still suffering with water ingress around three months later, so Mrs K contacted Zurich to make a claim.

It was unclear at that point what was causing the water ingress. Investigations were carried out and it was concluded that an issue with underground drains was causing the ingress. However, the claim was subsequently declined as Zurich believed the damage pre-dated the start of the policy.

Ultimately that decision was overturned, and the claim was accepted. Mrs K's own contractor carried out some of the repair works when Zurich's contractors didn't resolve the issue. Zurich reimbursed the cost of works, along with paying other costs incurred, including a payment for loss of income for the period Mrs K was unable to let out the property.

Mrs K was unhappy with the service provided by Zurich during the claim. This included a lack of communication by Zurich, needing to continually chase them for updates, and needing to manage things to move the claim and repairs forward, which included arranging her own contractors. Mrs K also needed to visit the property a number of times to ensure things were progressing. Mrs K had to use her own funds in the first instance, which were later reimbursed by Zurich.

Mrs K raised complaints with Zurich about their handling of her claim. Zurich accepted their claim handling had fallen short and they offered £250 compensation. They also offered £75 towards fuel costs for the times Mrs K had to visit the property.

As Mrs K was unhappy with Zurich's compensation offer, she approached this service.

One of our investigators looked into things and upheld the complaint. She said that the compensation should be increased by a further £250, taking the total to £500.

Zurich agreed with the investigator's recommended £250 increase. They also offered a further £75 towards the fuel costs, taking the total amounts to £500 compensation and £150 towards fuel costs.

Mrs K didn't agree and said she thought an additional £1,000 compensation should be paid by Zurich.

As an agreement couldn't be reached, the case was passed to me to decide.

### **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, whilst I appreciate it'll come as a disappointment to Mrs K, I've reached the same outcome as our investigator.

Both parties are already aware of what happened during the claim, and as this isn't dispute, I don't intend on commenting on every event or communication that occurred. I don't mean this as a discourtesy to either party, instead it reflects the informal nature of this service, and my role in it. But I'd like to assure both parties that I've considered all the information they've provided when reaching my final decision.

It isn't in dispute by Zurich that the claim wasn't handled in line with Mrs K's reasonable expectations. Zurich accepts that. My consideration here is what is a fair and reasonable amount to compensate Mrs K for what happened.

I won't list everything that happened, but some key things are:

- The claim was initially declined as pre-existing and then that decision was overturned
- Mrs K had to communicate regularly with Zurich, but much of this communication wasn't answered or responded to
- There was a lack of support from Zurich during the claim
- There was poor communication by Zurich, including numerous different people being involved but not necessarily taking ownership of things
- Mrs K had to manage the claim, and arranged works including some of the investigations into the cause of water ingress, and the repairs
- Mrs K had to send invoices for reimbursement several times
- There was a delay in various invoices and costs being reimbursed, and Mrs K had to use her own funds in the interim
- Whilst Zurich ultimately paid for loss of rental income, this wasn't agreed or confirmed until later into the claim
- Mrs K had to make several visits to the property, which is a significant distance away, to oversee things and ensure progress was being made
- Mrs K's complaint wasn't correctly logged, which resulted in delays in it being considered by Zurich

Zurich recognised that the service provided to Mrs K during the claim fell short, and they offered £250 compensation and £75 towards fuel costs.

I agree with our investigator that this isn't sufficient compensation for what happened. I can see this was a distressing time for Mrs K, and further inconvenience was caused due to Zurich's handling of things.

Mrs K is of the view an additional £1,000 is appropriate compensation. Whilst I recognise what happened and the impact that Zurich's handling of things had on Mrs K, I agree with our investigator that a total of £500 compensation for this is fair and reasonable in the

circumstances. So, this is the amount I'll be directing them to compensate Mrs K (including the £250 already offered).

Zurich also recognised that Mrs K had to travel to the property a number of times and initially offered £75 towards fuel costs. This was later increased to £150. I don't think that amount is unfair overall, in addition to the separate compensation amount.

### **My final decision**

It's my final decision that I uphold this complaint and direct Zurich Insurance PLC to:

- Pay Mrs K a total of £500 compensation (including the £250 already offered)
- Pay Mrs K a total of £150 towards fuel costs (including the £75 already offered)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 22 February 2024.

Callum Milne  
**Ombudsman**