

## **The complaint**

Mrs W complains about Zurich Insurance PLC's handling of a subsidence claim under a block insurance policy.

## **What happened**

Mrs W was a leaseholder of a flat. The flat was covered by a block insurance policy, taken out by the policyholder, and underwritten by Zurich. As the block policy covered damage to Mrs W's flat, the policy was partly for her benefit.

A subsidence claim was made to Zurich in 2019. Zurich carried out site investigations and found the subsidence was caused by damaged drains. Zurich repaired the drains and, after establishing there was no further movement, it carried out superstructure repairs to the property. It issued a Certificate of Structural Adequacy (CSA) to the policyholder in May 2022. Repairs were then completed to Mrs W's flat.

Mrs W sold the flat in March 2023. She complained that delays caused by Zurich meant that she received a lower price for the flat than she should have done. Zurich didn't accept this, but did acknowledge there had been some delays and poor communication. It paid Mrs W £400 compensation for this. Unhappy with this, Mrs W brought a complaint to the Financial Ombudsman Service.

Our investigator didn't recommend the complaint be upheld. He thought Zurich's offer was reasonable for its handling of the claim. He didn't think Zurich could be held responsible for Mrs W's decision to accept a lower price for her flat.

Mrs W didn't accept our investigator's findings, and so the matter has been passed to me for a decision.

## **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.

Mrs W previously brought two complaints to us about Zurich's earlier handling of the claim. We've explained that we won't be reconsidering those issues as part of this complaint. Zurich's final response to Mrs W's complaint about the alleged loss on her flat sale was issued on 18 August 2023. In that email Zurich explained it had considered what had happened since its previous final response of 18 February 2022 (this was an error, as its previous final response was dated 18 August 2022). I've therefore also only considered what happened after 18 August 2022, up until Mrs W sold the flat in March 2023.

Mrs W wants Zurich to pay her £10,000 compensation because she says she accepted a reduced price for her flat when it was sold. I understand the flat was initially valued at £285,000, though Mrs W says she would have been willing to accept £280,000. In the end, she sold the flat for just over £267,000.

As our investigator has pointed out, the £285,000 valuation was estimated after the CSA had been issued. I understand the repairs to Mrs W's flat started around the same time. I haven't seen any persuasive evidence that Zurich caused the value of the property to reduce. A property's asking price is just a guide and there's often room for negotiation. Ultimately, it was up to Mrs W if she wanted to accept the lower figure she was offered. I therefore don't require Zurich to pay Mrs W £10,000 compensation.

Mrs W's representative says that costs to improve the property were higher than they would have been if it hadn't been for Zurich's delays (due to inflation). I understand Mrs W made the decision to carry out improvement works to the property around the same time as the insured repairs were taking place. I haven't seen evidence of the improvement costs incurred by Mrs W, though as this work wasn't covered under the claim, it wouldn't be reasonable to require Zurich to make any payment towards this. Even if the cost of the work was higher than it would have been had it been done earlier.

Zurich accepted there had been some delays with its handling of the claim, and poor communication. As an example, it had offered Mrs W payments for alternative accommodation and food costs in November 2022, but didn't make the payment until February 2023. It didn't keep Mrs W updated about this. Zurich paid Mrs W £400 compensation for its handling of the claim after 18 August 2022, and I'm satisfied this was reasonable.

Zurich has said it will pay Mrs W some outstanding payments it had previously agreed to pay, plus interest. Mrs W should contact Zurich directly if she wants it to arrange 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 Mrs W to accept or reject my decision before 13 June 2024.

Chantelle Hurn-Ryan  
**Ombudsman**