

The complaint

Ms S complains about Zurich Insurance PLC (Zurich) poor service, delays and closing her claim regarding her commercial property insurance policy.

What happened

Ms S made a claim following a storm for a leak at her tenanted property. She contacted Zurich to make a claim. But said she experienced severe delays, miscommunication and that the claim hasn't been resolved.

Ms S said that internal renovations that Zurich completed, were completed to a very poor standard and that Zurich should repair them. So, Ms S complained to Zurich. She said that she felt as if Zurich took no responsibility and passed her off to its contractors.

In its final response, Zurich explained that the complaint hadn't been considered but it accepted that there had been avoidable delays and apologised for the distress and inconvenience it caused. It said that it wasn't responsible for the internal damage caused to Ms S' property, since it completed its schedule of works. Further, Zurich said that this new damage, wasn't as a result of an insured peril, unlike the initial claim.

Zurich said that it had investigated the additional damage and found that the cause was due to water getting through the external walls and not as a result of the original storm. It said the responsibility for repairing this damage was for the freeholder of the property. And as Ms S had no accidental damage cover on the policy, this wasn't covered. Zurich accepted that it had failed to tell Ms S this sooner.

It further recognised all the poor service errors and offered Ms S compensation of £500, for the trouble and upset caused. It also said that it wouldn't re-open Ms S' claim, unless she provided evidence to refute its conclusions. Ms S was given her referral rights and referred a complaint to our service.

One of our investigators considered the complaint and didn't think it should be upheld. Her view was that the water was emanating from the external walls, roof tests conducted showed no leaks. So, she agreed that this claim wasn't related to the initial claim. She felt that the £500 compensation offered was fair and in line with our service's guidelines.

Finally, she said that as Ms S was the eligible complainant, that is Zurich's policyholder, she was unable to award compensation to anyone else who wasn't an eligible consumer, such as Ms S' tenants.

Zurich accepted the view, Ms S did not. Ms S said that Zurich had carried out poor renovations at her property, there were many outstanding works that were not completed. She had to instruct another independent contractor to carry out the works at a cost of £840. Zurich failed to inspect the property. And all of this event caused her stress, emotional and financial inconvenience. She also mentioned that the freeholder of the property wrote a

report that said that the internal decoration was appalling. So, she asked for a decision from an ombudsman.

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, I won't uphold this complaint, for much the same reasons as our investigator. I understand that this might be a disappointment to Ms S, but I hope my findings go some way in explaining why I've reached this decision and why I think it is fair.

I've read all the evidence and taken into consideration the comments made by both parties. Essentially, Ms S is complaining that Zurich has failed in its obligations to carry out (to an acceptable standard) the repairs on her property following a storm.

Because of the number of complaints that Ms S raised, I asked Zurich for its comments. It said that Ms S had made a previous claim for water damage in 2017 where a cash settlement was made. The current claim was reported on 16 April 2021, for an incident that had happened in July 2019, which had been the same month that the previous repairs had been cash settled by Zurich.

Zurich further explained that following its investigations into the current claim, it had found that the water wasn't coming through the roof but through the walls. And as such, the claim wouldn't be covered under the policy.

Zurich also confirmed that it was aware of the £840 that Ms S paid but said that as the damage that it related to wasn't covered under the policy, then it wouldn't be responsible for covering that invoice.

Zurich reiterated that there were no reinstatement works that have been completed by any of its contractors in relation to this current claim and the previous one. So, there were no outstanding works which would ultimately be covered.

Ms S obtained a report from the freeholder who carried out an inspection in April 2023. That report which I have read explains that the source of the water damage wasn't from the walls. It said that the walls had readings taken from them and the result of those readings were within acceptable levels. And there was no evidence of damp staining to suggest that there was penetrating damp. The report further went on to conclude that the chimney was vented which was good as this would allow air through the stacks. There was no evidence to suggest that water was penetrating through the fabric of the building.

As this evidence was conflicting to the reason why Zurich declined the claim, namely that water penetrating through the walls wasn't covered under the policy, I asked Zurich for its comments on the report.

Zurich said that the claim that the report mentioned appeared to be unrelated to the original claim. It reiterated that its final decision stated that the claim remain closed as damage was evidenced as coming from the external walls, and not the roof. It didn't think the comments from the landlord could be considered as evidence. In any event, as Ms S didn't have accidental cover on her policy, the external walls wouldn't be covered.

In addition, Zurich sent further evidence and in particular a detailed chronology of the claim. Briefly the original claim commenced in April 2019, where following a storm, Ms S made a claim for a leak. It appears that she was dual insured, but for the claim relating to her cover with Zurich, it settled the claim with a cash payment of £3,666.74. In addition, it paid Ms S £300 compensation for the delays that occurred during the claim. Ms S accepted the settlement.

On 23 February 2022, Ms S raised a complaint as she said that works were still outstanding and needed to be completed. These works didn't form part of the original claim. And Zurich told Ms S that the additional damage wouldn't be covered.

On 11 March 2022 Ms S complained again. Zurich asked her to provide her own surveyors report against the decline decision. Then in December 2022, Zurich issued its final response maintaining the decline. Ms S was advised by our service to make a new complaint.

On 8 July 2022, the new complaint was raised as Ms S was still unhappy with the delays. Zurich carried out further inspections including a hose pipe test and found no water leaking from the roof. However, it offered Ms S a further £500 compensation due to the delays and service issues.

Having reviewed this and the evidence that Ms S provided, I'm satisfied that additional damage wasn't as a result of the original claim. As it was most likely caused by a separate external water ingress. And as Ms S didn't have accidental damage cover on her policy, then I think that Zurich were fair to decline the claim.

I understand that Ms S has provided a report from the landlord, and I note that the landlord states that there is no water coming through the roof. Which accords with what Zurich has said. Consequently, as there was no water leaking through the roof and the external wall damage wasn't covered under the policy, I'm persuaded that these are additional reasons why Zurich were fair to decline the claim.

I acknowledge Ms S' strength of feeling about this complaint and the reason why she referred it to our service. But, in the overall circumstances of this complaint, I haven't seen enough evidence to show that Zurich acted unfairly. And I think it was reasonable to offer £500 compensation for the poor service issues. I'm therefore not going to tell it to do anything further here.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 14 September 2023.

Ayisha Savage
Ombudsman