

The complaint

Ms F complains about how Zurich Insurance PLC (Zurich) handled a claim under her home insurance policy.

References to Zurich include their agents who handle claims.

Ms F was supported by a representative when making her complaint. References to Ms F include her representative.

What happened

In April 2022 Ms F discovered a leak at her property which caused damage to a wet room and kitchen floors before it was evident. Ms F told Zurich about the damage, who asked her to fix a toilet before they would send a surveyor to assess the damage. In July 2022 they appointed a contractor (B) to manage the claim and arrange for the repair the damage, including any drying and strip out of damaged items once the leak was fixed. A drying contractor and a surveyor visited the property in August 2022 to assess the damage.

Zurich appointed contractors to carry out the repair work. A contractor arrived to start the work (initially drying of the property) the following month, telling Ms F she needed to move out of the property for the work to be carried out. However, Ms F hadn't been told in advance she would need to move out. She had a disability and health conditions which meant she had accessibility needs, making it difficult to secure suitable alternative accommodation. She also had a dog that needed to be with her.

The contractors installed equipment to dry the property, which was completed at the end of October. Ms F provided her choice of replacement flooring in mid-November but a visit from the flooring contractor didn't take place until January 2023 (it was scheduled for mid-December, but Ms F wasn't able to make the appointment). The flooring was then ordered (mid-January) but there were delays in it being supplied, so the work to replace the flooring didn't begin until late March. Ms F contacted Zurich several times to find out what was happening during the period. The time taken also meant Ms F had to move between accommodation, including holiday lets, bed and breakfast and friends.

Unhappy at the time taken for the repairs to be carried out and the impact on her health and wellbeing from having to stay in alternative accommodation, Ms F complained to Zurich in March 2023.

In their final response, issued in April 2023, Zurich set out their summary of events from Ms F initially notifying them of the leak. They said it took a couple of months for Ms F to engage someone to fix the leak, after which the work progressed with stripping out of the damaged wet room and kitchen and then drying of the property. Ms F's disability and health conditions, together with the need for her dog to accompany her, meant it was difficult for Zurich to find any suitable accommodation. So, Ms F had to find accommodation, which Zurich paid for in addition to a food allowance. Zurich said the main issue in progressing the repair work was getting the flooring contractor to provide a quote and then (when ordered in January 2023) receiving the flooring and having it fitted. Which Zurich said was outside their control.

But Zurich appreciated it had been a difficult and stressful time for Ms F. In recognition of the stress she'd suffered, Zurich offered Ms F £300 compensation.

Ms F then complained to this Service. She was unhappy at not being told before the contractors arrived that she'd have to move out while the repairs were carried out. The stress of having to secure her own alternative accommodation had exacerbated her health condition, such that she was unable to move independently, and her vision and cognitive function was significantly impaired. Due to this, she had to be cared for by a friend. She thought the time until she was able to move back into her property (March 2023) was unacceptable. She wanted compensation that recognised the significant harm the episode had caused to her health. She didn't think Zurich's offer of £300 compensation was sufficient for the stress she'd suffered and the impact on her health.

Our investigator upheld the complaint, concluding Zurich hadn't acted fairly towards Ms F. While Zurich had covered the cost of alternative accommodation and a food allowance for the time she was out of her property, the investigator thought Zurich should have made Ms F aware of the need to move into alternative accommodation earlier than they did. This would have provided more time to secure accommodation suitable for Ms F's needs, particularly given those needs would make suitable accommodation more difficult to secure. The investigator also noted some avoidable delays in arranging for the repair work to be carried out – although some delays were outside Zurich's control (including supply issues for the flooring chosen by Ms F). To recognise the distress caused to Ms F, the investigator thought Zurich's offer of £300 compensation should be increased to £500.

Zurich accepted the investigator's conclusions, but Ms F disagreed and asked for an ombudsman to review the complaint. She said the increased compensation didn't go far enough in recognising the stress of what had happened and the impact on her health and disability. She also provided testimony from her carer and the NHS Trust from which she received treatment for her health conditions, setting out the impact on her health. She also had to continue paying the fixed cost of electricity at her property while in alternative accommodation as well as the premiums on her home insurance policy. Ms F also raised concerns about a sink unit needing refitting.

In my findings I considered the impact of what had happened on Ms F. In doing so, I've thought very carefully about what she, her carer and the NHS Trust overseeing her health conditions said about the impact on Ms F. While it wasn't appropriate to set out in detail these impacts, it was clear they were very substantial. They included a significant deterioration in her health conditions which significantly affected her daily life. While she had made some recovery, the testimony from the healthcare provider was that Ms F's symptoms had been exacerbated, some of which she hadn't been able to recover from and which would have a long term impact on her health, wellbeing and independence.

Given these findings, it was clear Ms F suffered significant distress and inconvenience. The impact of which was greater given Ms F's disability and health conditions – both of which were known to Zurich – which significantly increase her vulnerability. I considered the approach we adopt as a Service to distress and inconvenience. Looking at the circumstances of the case and the testimonies provided, I concluded Ms F suffered substantial distress, upset and worry as well as serious disruption to her daily life over a sustained period, with the impact over many months.

Taking these specific circumstances and impacts together with our approach as a Service, I concluded a higher sum in compensation would be appropriate. I thought £1,000 would be fair and reasonable.

Because I reached a different conclusion to our investigator about the level of compensation for distress and inconvenience that would be fair and reasonable, I issued a provisional conclusion to give both parties the opportunity to consider matters further. This is set out below.

What I've provisionally decided – and why

My role here is to decide whether Zurich have acted fairly towards Ms F. In doing so, I've considered what Ms F has told us about the impact of what happened on her disability and health conditions, together with the testimony from her carer and the NHS Trust providing care for her health conditions. I've borne this in mind when deciding what's fair and reasonable in the circumstances of this case.

The key issue in the complaint is the length of time the claim and repairs took, and the consequential need for Ms F to move out of her property into alternative accommodation while the repair work (including the initial drying and stripping out) was undertaken. There are linked issues of Ms F being told she would need to move into alternative accommodation by the contractors when they arrived to initiate the drying. And then her having to arrange alternative accommodation as Zurich weren't able to find suitable accommodation for her needs. Ms F says she has been significantly impacted by what happened and being in [various] alternative accommodation for a significant length of time, particularly her health and disability. Zurich recognise the stress suffered by Ms F but say much of the time taken for repairs to be carried out was due to issues with the supply of materials and with their contractor, which aren't within their control.

In considering this case, I've looked at the chronology of events and thought about whether Zurich acted fairly and reasonably at the various points set out above. The first point, which is also a specific issue raised by Ms F, is her being told she needed to move out of her property when the contractors arrived in late September 2022. She then had to arrange alternative accommodation that would be suitable given her circumstances, particularly her disability and health conditions.

Looking at the evidence and information available, it's not clear to me why the need for alternative accommodation wasn't identified before the contractors' arrival. Zurich's drying contractor and surveyor both visited the property in August 2022 and while I haven't seen the surveyor's report, there's an indication from the drying contractor that drying might be required (which was then confirmed by the contractors when they arrived in September). And Zurich, when providing their case file and other evidence and information, acknowledge they might have identified the need for alternative accommodation earlier.

Thinking about all these points, I've concluded Zurich should reasonably have been aware of the need for alternative accommodation earlier. Which would have given more time for them to look for suitable accommodation, bearing in mind Ms F's circumstances, disability and health conditions. As it was, Ms F wasn't aware of the need to move out until the contractors arrived, which would have been very stressful for her – in addition to the inherently stressful process of having to move to alternative accommodation.

I've then considered the sequence of events after drying was completed at the end of October 2022. Ms F returned her choice of flooring material in mid-November, but there was then a delay in the flooring contractor providing a quote. Part of the delay was due to arranging a visit to the property to assess what was needed. The contractor offered to visit in December 2022, but this wasn't convenient for Ms F. So, the visit didn't take place until the start of January 2023. And the order for the flooring placed shortly afterwards.

It then took over two months for the flooring to arrive and fitting (for the wet room) took place at the end of March 2023. From Zurich's case notes I can see they were in regular contact with the agent overseeing the repair work to see what the position and likely timing of delivery was (as was Ms F). While I recognise supply issues are outside Zurich's direct control, they appointed the flooring contractor and so I don't think it's reasonable to absolve them of all responsibility for the time taken for the flooring materials to be ordered and then arrive and be fitted. Particularly as it meant Ms F staying in alternative accommodation for an extended period.

Taking these points together, I've concluded Zurich didn't act fairly and reasonably towards Ms F, partly not telling her about the need to move into alternative accommodation sooner and partly some of the delays in the repair work being carried out.

Having reached this conclusion, I've then considered the impact on Ms F. In doing so, I've thought very carefully about what she, her carer and the NHS Trust overseeing her health conditions have said about the impact on Ms F. It wouldn't be appropriate to set out in detail these impacts, but it's clear they have been very substantial. They include a significant deterioration in her health conditions which have significantly affected her daily life. While she has made some recovery, the testimony from the healthcare provider is that Ms F's symptoms have been exacerbated, some of which she hasn't been able to recover from and which will have a long term impact on her health, wellbeing and independence.

Given these conclusions, it's clear Ms F has suffered significant distress and inconvenience. The impact of which has been greater given Ms F's disability and health conditions – both of which were known to Zurich – which significantly increase her vulnerability. The approach we adopt as a Service to distress and inconvenience is set out on our website and I've thought about this in that context. Looking at the circumstances of the case and the testimonies provided, I've concluded Ms F has suffered substantial distress, upset and worry as well as serious disruption to her daily life over a sustained period, with the impact over many months. I've also considered the impact on Ms F's health, particularly the long term impact on her health, wellbeing and independence.

Taking these specific circumstances and impacts together with our approach as a Service, I've concluded a higher sum in compensation would be appropriate. I think £1,000 would be fair and reasonable.

On the issue of electricity costs for her property while she was in alternative accommodation and continuing to pay the premiums under her home insurance policy even had she remained in the property, these issues weren't covered in Zurich's final response, nor in Ms F's complaint to this Service. So, they wouldn't fall to be covered in this decision. But for completeness I will cover these points off here within this provisional decision.

On the first issue, if Ms F had (as she's told us) a fixed monthly tariff for electricity supply to her property, that would have been payable even if she'd remained in her property during the period. And Zurich paid for the costs of her alternative accommodation. That being the case, I don't think it would be reasonable to ask Zurich to reimburse these costs.

Similarly, Ms F would have had to continue paying the premiums under her home insurance policy even had she remained in the property – or if the leak and damage had not occurred. So, it again wouldn't be reasonable to ask Zurich to waive the premiums. And Ms F would have needed to continue paying the premiums to enable cover on her property, regardless of the leak and damage or if they hadn't occurred.

In both cases, it would also be the case that reimbursing her (for the electricity costs) or waiving (or refunding) the policy premiums would be putting Ms F in a better position than

she was before the incident (or if it hadn't occurred). So, there would have been a 'betterment' position. It's a general principle of insurance that it's intended to put a policyholder in the same position as they were before an incident and claim. It isn't intended to put them in a better position.

On the issue of the need for a sink to be refitted, again this wasn't covered in Zurich's final response nor in Ms F's complaint to this Service. So, it isn't something I can consider in this decision. If Ms F remains concerned about this issue, she would need to make a separate complaint to Zurich and – if she wasn't happy with any response from Zurich – a separate complaint to this Service.

My provisional decision

For the reasons set out above, it's my provisional decision to uphold Ms F's complaint. I intend to require Zurich Insurance PLC to:

- *Pay Ms F £1,000 compensation for distress and inconvenience.*

Zurich Insurance PLC must pay the compensation within 28 days of the date on which we tell them Ms F accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Both Ms F and Zurich responded to say they accepted the provisional 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.

My role here is to decide whether Zurich have acted fairly towards Ms F.

As both Ms F and Zurich accepted my provisional decision, my final decision is the same as my provisional decision.

My final decision

For the reasons set out above, it's my final decision to uphold Ms F's complaint. I require Zurich Insurance PLC to:

- Pay Ms F £1,000 compensation for distress and inconvenience.

Zurich Insurance PLC must pay the compensation within 28 days of the date on which we tell them Ms F accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 1 February 2024.

Paul King
Ombudsman