

The complaint

Mr B complains that Royal and Sun Alliance Insurance Plc (RSA) hasn't treated him fairly when settling a claim he made under his home insurance for damage caused by a water leak.

What happened

Mr B suffered a burst pipe in his home, and it caused extensive damage. That was in May 2019. He contacted RSA which agreed to meet his claim.

Mr B was given the option of having RSA carry out the repairs or accept a cash settlement if he wanted to do the work himself. RSA also said Mr B could get a quote from a contractor of his choice and it would consider this. The quote Mr B obtained was about four times as much as RSA initially thought the work would cost. It sent a second assessor out to scope the work and increased its offer – although it's still for much less than the quote Mr B obtained.

Mr B said he received very poor service from the claims handler at RSA – and eventually a new handler took over his claim. He says he's lost faith in RSA and its contractors and wants to use his own. RSA has increased the offer it made for a cash settlement and paid that to Mr B in December 2019. It's said it will refund any VAT Mr B pays over and above this amount if receipts are provided.

RSA acknowledged it hadn't dealt with this claim very well, and sent Mr B £500 to make up for this. It also said it would provide feedback to the relevant staff and their managers about the way they'd dealt with the claim and Mr B's request to make a complaint. Mr B didn't think that was fair and brought his complaint to us. Our investigator said she thought RSA had dealt with settling the claim in line with the policy Mr B had, and that the compensation offered was appropriate.

Mr B disagrees, and wants RSA to pay him what he'll have to pay his own contractor. And he doesn't think the £500 is enough to compensate him for the time he's spent on the claim and the inconvenience.

I've been asked to decide this claim.

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.

I'm not going to ask RSA to do more than it already has. I realise this isn't what Mr B wants to hear, but I'll explain why I've reached that decision. As there are several points to Mr B's complaint I'll deal with each separately.

Settlement

Mr B's home insurance is meant to return his home to the state it was in before the water leak – no better and no worse. The terms and conditions contained within the policy say that RSA can choose how to settle a claim – and that's usually by either carrying out repairs itself or giving Mr B a cash settlement for no more than it would pay to have the repairs completed.

I can see RSA gave Mr B these options – and it also said if he wanted to provide a quote from his own contractor then it would take that into account. Mr B did that – and his quote was about three times the amount RSA had initially offered. RSA said it would send another surveyor out to re-assess the work. That happened, and the cash settlement offer increased, it seems mainly because the cost of flooring etc increased rather than the actual scope of work.

RSA also sent us some of its internal notes which highlight that Mr B's initial quote covered things that RSA didn't believe needed doing – it included, for example, a full kitchen replacement when RSA thought only repairs were needed.

As I said above, RSA only has to return Mr B's home to the condition it was in before the water damage occurred – so I don't think it appropriate for it to pay for a new kitchen unless one is needed, or to replace woodwork that has dried out and can simply be re-decorated. I think the scope of work RSA offered to do was acceptable.

Mr B's loss of faith in RSA's contractors doesn't appear to be with any business actually carrying out work – he's said he's happy with the work the specialist drying company did. It's not as though a builder appointed by RSA has started work and isn't doing it well. So I don't think Mr B can ask RSA to pay the costs he might incur if he chooses to use his own contractor. I understand Mr B thinks more problems might be discovered when the work is done – but I don't expect RSA to anticipate that and increase the payment. I would expect it to consider paying for unforeseen repairs if they arise during the work and can be linked to the original damage.

Claims handling and compensation

Dealing with an insurance claim is likely to be stressful and time consuming – and that's because it's an upsetting situation to be in. That in itself isn't RSA's responsibility. It is however responsible for any unnecessary stress and inconvenience it causes.

It's clear Mr B had some trouble with the first claims handler he dealt with, and staff made it difficult for him to complain. I do sympathise with him on these points. But having looked through what he and RSA both say, I think RSA's response - £500 compensation and some in-house actions with regard to the claims handler – are reasonable.

Other points

Mr B said he was concerned that his home was left in a dangerous state and that his daughter tripped on an uneven floor. I can see he contacted RSA about this at the time, but from the tone of the emails it appears to have been resolved amicably. Mr B also mentioned that his mother died during the claim period and the state of his home might have contributed to this, as there might have been mould under the kitchen floor, although I can't see that this was ever established. I'm very sorry to hear about Mr B's loss at such a difficult time. He hasn't said anything more about this, so I trust that his mind was put at rest on this point by the doctors concerned.

Mr B also told us about a problem he had renewing his home insurance. Our investigator thought this was something Mr B should take up with the broker dealing with his policy, and

we're helping him to do that. But it doesn't seem to be anything RSA did, so I'm not going to say anything more about that here.

Taking everything into account I think RSA has acted reasonably

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 24 September 2020.

Susan Peters
Ombudsman