

The complaint

Mr and Mrs J are unhappy that Royal & Sun Alliance Insurance Plc declined their subsidence claim under their home insurance policy.

What happened

Mr and Mrs J had a leak from their shower. A claim was made but during the drying process cracks appeared. RSA arranged a surveyor and discovered that the cracking was caused by subsidence. The cracks were repaired at the time but following a full investigation RSA said no further claim for subsidence damage would be dealt with. It said the policy exclusion for faulty design and workmanship applied as the damaged extension foundations hadn't been built deep enough. Damage continued and Mr and Mrs J brought their complaint to this service.

Our investigator upheld the complaint. He said Mr and Mrs J had done everything they needed to when the extension was built. Our investigator said the builder had amended the foundation design to comply with building regulations. He noted that the extension got the required planning permission, was appropriately signed off as compliant and certification had been issued. So, our investigator said it wasn't poorly designed or defective according to the building control inspector. He said RSA needed to deal with the claim and pay Mr and Mrs J £500 compensation for the distress and inconvenience for the difficulties this had caused them.

RSA didn't accept this and asked for the complaint to be passed to an ombudsman for a final 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.

I've reviewed the actions of Mr and Mrs J at the time when they arranged to have the extension built. It's clear that they followed all the requirements placed upon them by local council building control procedures and planning permission for the extension was granted. Mr and Mrs J acted entirely reasonably when they had the extension built and understandably expect to have their claim dealt with by their insurance policy.

It's accepted that the extension foundations went down to around 1.2metres. And this seems to be slightly deeper than the builder originally suggested. Based on the details on file this was done to ensure that the foundations were at a level suitable for the building control inspector's requirements. RSA don't appear to deny this. All parties accept that the stipulations laid down by building control were met when the foundations were dug. Building control did sign off the work and issued certificates to confirm the requirements had been met. So, in terms of making sure they'd followed requirements, got suitable checks done, and arranged the correct paperwork Mr and Mrs J did everything they were required to do.

Based on this I don't think RSA has acted fairly and reasonably when it declined the subsidence claim. RSA know how building control works and indeed in its response to our investigators view on this case it said "*The role of the building officer is to ensure that the construction complies with the plans submitted and the consent granted from the relevant authority, along with ensuring that the minimum foundation depth has been complied with.*" So, RSA is in writing confirming that it knows the property extension built for Mr and Mrs J was done in line with building control requirements.

So, I don't think it's fair or reasonable for RSA to apply the exclusion for defective or faulty workmanship. RSA should deal with the subsidence claim.

Subsidence claims do take a long time to resolve. But RSA didn't offer to put the matter right despite it being clear that Mr and Mrs J had acted entirely correctly during the building of the extension. This would only have added to the impact the claim had on Mr and Mrs J and the distress and inconvenience caused to them. RSA should pay Mr and Mrs J £500 as compensation for this.

Putting things right

- deal with the subsidence claim;
- pay £500 compensation for distress and inconvenience.

My final decision

I uphold this complaint

I require Royal & Sun Alliance Insurance Plc to:

- deal with the subsidence claim;
- pay £500 compensation for distress and inconvenience.

Royal & Sun Alliance Insurance Plc must pay the compensation within 28 days of the date on which we tell it Mr and Mrs J accept my final decision. If it pays later than this it 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 Mrs J and Mr J to accept or reject my decision before 28 January 2021.

John Quinlan
Ombudsman