

The complaint

Ms M complains about Royal & Sun Alliance Insurance Limited ("RSA") for the way it has offered to settle her insurance claims. She wants RSA to increase its offer of settlement to match the quotes she has received from her preferred contractors.

What happened

In 2021, Ms M experienced two escapes of water at her home. One was in the bathroom upstairs and the other was in the kitchen below.

Ms M submitted claims to RSA.

A surveyor appointed for RSA attended Ms M's home. He made comments about the work required and did not stay for a long assessment of the damage.

He prepared schedules of work for both claims. These totalled around £7000 worth of work for the damage caused by the bathroom leak and around £1100 for the damage caused by the leak in the kitchen.

Ms M was unhappy with the assessment of the kitchen damage. RSA appointed a new agent to reassess the damage. They considered that it would cost around £2000 for the kitchen leak.

RSA offered for its agents to undertake the repair work, or to cash settle the claims based on those assessments of cost.

Ms M does not want RSA's agents to undertake the work. She wants her own contractors to manage the repairs. She has obtained quotes from them at a higher cost.

Ms M contacted us. She complained that she thought RSA's surveyor was unprofessional when attending her home and she did not feel that he had taken into account all damage caused by the leaks. She was upset that he had not removed fittings to inspect the damage, and that his assessment did not include a full kitchen and bathroom replacement.

One of our investigators looked into this matter and set out his view to the parties. This was that he upheld Ms M's complaint about unprofessional comments made by the surveyor. He did not, however, consider that RSA had acted unfairly in its assessment of the damage caused by the leaks, or in how much it would cash settle for the repairs, if Ms M chose not to have RSA's agents do the repair work. The investigator noted the policy did not provide for full replacement of matching items (such as kitchen units or a bathroom suite) and would only replace damaged items. He recommended that RSA pay Ms M £100 compensation to reflect the unprofessional comments made by the surveyor, but did not recommend that the complaint otherwise be upheld.

Ms M did not accept that view and asked for an ombudsman decision. Ms M has queried the qualifications of both the investigator and me, and has queried whether we are competent to assess claims about an escape of water without specialist expertise.

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 understand Ms M's upset following her first meeting with the surveyor. She has explained that she has caring responsibilities for others in the house and that she is unwilling to allow contractors into the home if she does not trust them.

The surveyor's initial comments, relating to the quotes she had received from her preferred contractors, made her lose trust and feel exposed.

I appreciate that she does not trust the surveyor engaged by RSA, but our role is to look at whether RSA has acted reasonably and fairly, in line with the policy terms.

My colleague has previously explained the role of our service, and that we review the way that financial businesses have acted. If there has been unfairness, we can direct that businesses put matters right, but our role is not to punish businesses, or to dictate the way they should carry out their business.

Ms M has expressed concerns about my, and the investigator's, experience in assessing escapes of water. She has looked into our professional backgrounds and is concerned that we do not have expertise on assessing damage.

I should make clear that I am not a surveyor, and I have made no attempt to assess the damage that was sustained at Ms M's home. Our role is to not to review professional judgements about damage, but to look at how the business has handled the claim, and whether it has done so in line with the policy terms.

In this instance, I note that Ms M is not happy with the valuation that RSA has put on the work, and she thinks that RSA should settle her claim at the valuation quoted by her chosen contractors. It is not for me to assess the damage, nor to decide how much it would cost to repair it. I am looking at what the policy covered, and whether the business has acted fairly and reasonably in its consideration of Ms M's claims.

Here, RSA has surveyed the property and calculated what repairs it considers are required, as consequences of the leaks. RSA has offered to undertake the work to put the property back in the condition it was in before the leak, taking into account that the policy does not cover replacement of undamaged items in a set (such as undamaged kitchen units).

Ms M's policy documentation explains how claims should be settled. It explains that the business may carry out repairs or it may elect to cash settle the claim. The policy states that, if it is cash settling, it will only pay out the amount it would have cost the business to carry out the repairs itself.

Ms M agreed to be bound by those terms when she took out her policy.

Insurers are obliged to indemnify consumers who suffer an insured incident, and they have to put them back in the position they were in before the loss (subject to any excess or any policy term about decrease in value or – as here – not replacing entire matching sets). If the business decides not to carry out the work itself then we would expect the business to ensure that the consumer is able to have repairs carried out for the settlement sum. In that case we would expect the business to match the market rate achievable by the consumer.

When, however, the business is offering to carry out the repairs itself, and the consumer

wishes to cash settle instead, the business is entitled to assess how much it would have cost it to do the repairs, and only settle for that amount, as set out in the policy.

I have made enquiries with RSA and RSA has explained that if Ms M allowed it to carry out the repairs, it would provide 12 month guarantees on all work and materials. It also explained that if, in the course of the work being done, further damage that had been caused by the leaks came to light then RSA would be notified, would carry out a further assessment, and that RSA could then authorise additional repairs. For example, when the tiled floor in the kitchen is lifted, if it became clear that there was damage to joists caused by the leak, then RSA's contractors would seek authorisation to increase the scope of the repairs.

Ms M considers that RSA should pay the amount she has been quoted by other contractors, but these quotes include items not provided for in the scope of works, and they include a full replacement bathroom suite and full replacement kitchen, and some investigations into possible further damage.

This is not what is provided for by Ms M's policy and so I do not think it would be reasonable to require RSA to pay the costs Ms M's contractors have quoted.

I appreciate that Ms M does not wish to use RSA's contractors, but I think that RSA has made a reasonable offer to settle the claim. If Ms M were willing to allow RSA to conduct the work she would be entitled to have the repairs carried out to a good standard, she would be able to raise any concerns she had with the contractors, and if there were issues with the repairs she would be able to make a further complaint to RSA.

If she does not wish to use RSA's contractors she does not have to, but if she elects to cash settle instead, RSA is entitled to calculate settlement by reference to what it would have cost RSA to do the work itself.

It appears that it has done this, and I agree with my colleague's view that RSA has acted fairly.

I understand that Ms M felt that the original surveyor was unprofessional in his comments, and that my colleague recommended that RSA pay Ms M £100 compensation to reflect this. I agree with this, and also I consider that if Ms M now decides to allow RSA to carry out the repairs, RSA should make every effort to ensure that the surveyor who Ms M initially met is not involved further in the work.

Putting things right

I therefore agree that in order to put matters right, RSA should pay to Ms M £100 compensation for her distress and inconvenience in relation to the surveyor's unprofessional comments.

RSA should also ensure that, if Ms M decides to have RSA carry out the repairs, that the surveyor is not involved further.

If Ms M maintains her decision to cash settle rather than for RSA to carry out the repairs, I do not criticise the calculation of settlement it has reached.

My final decision

For the reasons given above, I partially uphold Ms M's complaint and direct Royal & Sun Alliance Insurance Limited to pay £100 compensation to Ms M.

I do not uphold Ms M's complaint about the amount of settlement offered, and do not ask Royal & Sun Alliance Insurance Limited to do anything further in this regard.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 7 June 2022.

Laura Garvin-Smith
Ombudsman