

The complaint

Mr G complains about the handling of his claim by Royal & Sun Alliance Insurance Limited, involving damage caused by an escape of water under his home insurance policy.

What happened

In August 2011 Mr G contacted RSA to make a claim for a water leak that had damaged his ground floor shower room. The claim was accepted, and repairs were carried out by RSA's appointed contractors.

Mr G describes ongoing issues with leaks and dampness in the shower room and into the surrounding rooms since that time. He contacted RSA in April 2018 due to the ongoing issues and it appointed a loss adjuster to discuss what needed doing and handle the claim. This resulted in RSA carrying out further investigations to identify the source and more work to dry the property and carry out repairs.

Mr G says the way RSA handled the claim was unprofessional. He experienced numerous and ongoing delays when communicating with the business. Mr G says many visits from RSA's experts and contractors have taken place to try and identify the cause of the leak. He says the shower room couldn't be used for much of this time. He also says the kitchen floor tiles were removed as part of RSA's investigations into the leak and dampness issues, which caused further disruption.

Mr G says several of the household suffer from health issues. He says the ongoing disruption, dust and absence of the shower and toilet facilities in this room has been a concern because of these issues. In addition to the general inconvenience and disruption caused over such a long period.

Mr G says RSA subsequently decided to offer him a settlement payment to arrange for reinstatement of the affected parts of his home. This meant he was left to arrange completion of the building work, which caused him further distress and inconvenience.

RSA says there are damp issues in Mr G's property that are unrelated to the works it undertook following the claim in 2012. It says the damp issues had to be remedied before the works needed to reinstate the property could be completed. It says one of the issues is rising damp, which isn't covered by its policy. It also says inappropriate building materials were used in the construction of the solid floor and wall plaster that readily absorbs atmospheric moisture.

RSA says its policy doesn't cover the damp issues identified, which are Mr G's responsibility. Because of this it provided a settlement payment for £14,500 to pay the cost of the reinstatement works as covered by Mr G's policy. RSA acknowledges delays and periods of poor service with its handling of the claim. It has provided compensation payments to acknowledge the impact of this, which amount to £1,750.

Mr G didn't think the compensation offered was fair given the impact on him and his family over such a long period. So, he referred his complaint to our service. Our investigator didn't

uphold his complaint. She thought RSA had provided a poor standard of service at times as well as being responsible for delays. She says the evidence showed this had been a complex issue to resolve requiring a number of different contractors, in order to identify the possible causes of a leak and dampness. Our investigator thought the compensation already provided by RSA was fair to acknowledge these points.

Mr G disagreed and asked for an ombudsman to review his complaint.

It has been passed to me to decide.

I issued a provisional decision in May 2022 explaining that I was intending to uphold Mr G's complaint. Here's what I said:

provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr G's complaint can be split into two main points. RSA's handling of his claim and compensation it offered to acknowledge delays and poor service. As well as the decision to settle his claim with a cash payment. My remit here is to consider whether RSA treated Mr G fairly with respect to these points.

The parties involved are well aware of what's happened in this dispute. The detail of which stretches back a number of years. I won't repeat all that here. But I will set out the key points that impact on my decision.

Mr G asked that we consider all issues he raised in his complaint. There are limitations set by the industry regulator regarding when this service is able to consider a complaint. This includes a six-month time limit from when the insurer sends its final response for its customer to refer to our service. RSA sent several final responses, covering the issues Mr G raised over the years. Some of these issues were brought to our service outside the six-month timeframe, which ordinarily means we can't consider them. However, RSA has given its authorisation for us to consider Mr G's entire complaint.

Claim handling and delays

When the initial claim was made in 2012 RSA arranged for drying work to be carried out, the removal of damaged materials and the reinstatement of the shower room. Unfortunately, problems with dampness re-occurred requiring further investigations. Issues were found with the original repairs, which meant remedial work had to take place.

Issues with dampness continued. Further attempts were made to carry out remedial work and several different contractors were employed to try and identify the source of the dampness.

I have read through the lengthy emails and written correspondence. Both Mr G and RSA are well aware of the discussions that took place, so I won't repeat that in detail here. But the records show Mr G was regularly in contact with RSA and its agents to try and progress matters over a prolonged period. This involved several meetings, numerous emails, and phone calls.

RSA sent a complaint response to Mr G in November 2017. This highlights defective workmanship on the part of its contractor, and the numerous contacts Mr G had to make to progress his claim. It acknowledges that the, "service has been exceptionally poor" and paid

Mr G £1,000 in compensation for these issues.

Issues resolving the dampness continued and RSA sent a further complaint response to Mr G in 2019. In this it advised that following the various investigations into the possible causes of the ongoing dampness, three factors were identified. It says this included: faulty workmanship when the shower cubicle was installed by RSA's contractors, a possible further leak from a pipe buried in the wall, and rising damp. It says strip out works are proposed, including a section of the kitchen to allow further investigation of the cause of dampness to be found. In order to acknowledge the inconvenience caused by the ongoing issues RSA paid a further £750 in compensation to Mr G.

In its letter RSA explained that correcting and installing a damp proof course isn't covered by its policy. But the faulty workmanship and resolution of a leak, is covered as part of Mr G's claim.

Investigations continued and further specialists attended Mr G's property toward the end of 2019. In January 2020 RSA's loss adjuster wrote to Mr G. The letter says the damp specialist report recently obtained indicates the dampness and subsequent damage is due to, or at least exacerbated by, a number of non-insurance related issues and defects. This includes the lack of an effective damp proof course to a number of walls and floors. As well as the inappropriate use of soft building type sand within the floor construction. RSA says there is also an issue with the wall plaster used in the original construction that readily absorbs atmospheric moisture.

RSA offered a settlement payment for £14,500 at this time. It says this is because it's not responsible for the inherent damp issues. It says once this work is complete its payment will cover the cost of reinstatement required following its investigation and stripping out work.

I can see that that Mr G disagreed and didn't want to accept a settlement payment. In an email sent to RSA in January 2020 he refers to the poor workmanship identified with contractors RSA had initially used. As well as long delays between its investigations and action being taken. He highlights that previous damp specialists hadn't identified issues with the wall plaster absorbing moisture. He also says the shower room is within an extension built more recently, not at the time of the original construction. Mr G says that in his view the current problems have arisen from the negligence of the contractors appointed by RSA.

Mr G raised a further complaint. RSA responded in May 2020 to again say that it was unable to reinstate his home due to the damp issues inherent to the original construction. It says it did seek recovery from the contractor it originally used in respect to repair work it carried out, but no evidence was found regarding inadequate materials used by this contractor. It refers to the solicitor's letter it sent to Mr G in December 2018 confirming the action was abandoned.

In its letter RSA explains that the costing for its settlement payment was based on commercial rates that are available to the public, as opposed to the discounted rates it would pay its contractors. I understand Mr G was provided with a copy of the schedule of works.

Mr G complained again to RSA regarding inferior materials used by the contractors it had originally used in relation to his claim. The business responded in January 2021. It says details of the materials used are no longer available, but the reason it couldn't carry out further rectification works was related to the damp issues inherent to the original construction of his property, not the previous work of its contractors.

I understand the dampness issues at Mr G's property have since been resolved and the repair works have been completed as of January 2022. The work was arranged by

contractors appointed by Mr G.

I have thought about the impact all of this had on Mr G and his family. I'm sorry that he has had dampness issues impacting on the use of his home for such a long time. I can understand that this must have been extremely disruptive and distressing. I'm glad this has now been resolved.

I acknowledge that RSA accepts it didn't handle the claim well. It's clear that this led to much more involvement from Mr G to try and progress his claim than he should reasonably expect. It's also clear that poor workmanship was the cause of some of the investigative and restoration work that was required. It's also apparent that identifying the underlying cause of the dampness proved difficult - highlighted by the different contractors and specialists that were involved over a number of years.

I don't think it was unreasonable for RSA to instruct specialists and to rely on their expert opinion in deciding how best to handle Mr G's claim. I acknowledge Mr G has strong views about the original contractors that were used, and that they are responsible for the ongoing issues. But I think it was reasonable for RSA to rely on the experts to ensure the underlying source of the dampness was identified to prevent further issues when carrying out repairs. Poor workmanship wasn't thought to be the only factor with the ongoing damp issue.

In his letter to our service dated December 2021 Mr G says the leak has since been repaired by alternative contractors and there is no sign of dampness returning. I can understand his view and frustration that RSA wasn't able to achieve this. But I don't think he's shown that it was unreasonable for RSA to rely on the opinion of the experts or that the information they provided was incorrect.

In the circumstances I think it's fair that RSA compensates Mr G for the delays, poor claim handling, poor communication, and poor workmanship identified. I am also mindful that the ongoing issues meant the use of the shower room was impacted for a long time. As well as disruption caused by floor tiles being lifted in the kitchen. Mr G has explained that he has a household of seven and several members of his family have health issues that were impacted during this time. Both by the restricted facilities and the dust created during the works.

I understand Mr G's home has another toilet and a family bathroom (including a toilet) that were available. But I accept his point that not having the use of the downstairs shower room for long periods was problematic and distressing for his family because of their health issues.

There's no doubt that any claim such as this will involve a certain level of inconvenience and disruption for a household. But I think this could've been managed better and resolved sooner if it wasn't for the failings on RSA's part.

I asked RSA about the damp specialist report from 2012 that highlighted evidence of nitrates indicating a problem with dampness caused by groundwater. I asked why it continued with the reinstatement works at that time but decided not to in 2020 because of inherent damp issues. RSA says it was agreed that all other possible causes of the damp would be ruled out first to confirm that the only remaining cause was inherent damp.

I don't think this is a reasonable position. If, as indicated in the specialist report from 2012 dampness was inherent due to groundwater, it would've been prudent, and consistent with its later approach, to resolve this issue before completing the original reinstatement works. It's not clear from Mr G's comments if damp proofing works have now been carried out. But it's clear that RSA received expert opinion indicating inherent damp in the property at an

early stage in the claim.

Having given careful thought to all of this, whilst being mindful of the impact on Mr G's family due to their health issues, I don't think the compensation RSA offered fairly acknowledges the inconvenience and distress caused. I think some of the delays were avoidable, as was the poor claim handling and communication. Because of this I think a total payment of £2,250 represents fairer compensation in the circumstances described.

Settlement offer

RSA decided to offer Mr G a settlement payment for £14,500 because of the inherent damp issues its experts had identified that weren't covered by his policy. It thought it was best to allow Mr G to arrange for the necessary works to be carried out and use the settlement payment to pay for the reinstatement works after this was completed.

I have read the policy terms to see what is expected here. Under "Policy exclusions" the terms say:

"This insurance does not cover any of the following:

Existing Damage – Any loss, damage, injury or accident occurring before cover commences."

This shows inherent damp issues aren't something covered by Mr G's policy. So, I don't think it was unreasonable for RSA to decline to cover this work.

The terms also say:

"Our Rights Following a Claim In the event of a claim or possible claim under this policy we will be entitled to:

(i) repair, reinstate or replace the property lost, damaged or stolen or pay the cost to us of repair, reinstatement or replacement. Wherever possible we will arrange repair or reinstatement through our nominated repairer and replacement networks."

RSA chose to pay the cost of the repair. The terms entitle it to make this decision. In the circumstances I think it was fair to calculate the repair costs based on what Mr G would have to pay for the repairs, not the discounted rates RSA would pay. I understand this resulted in further inconvenience in order for Mr G to arrange the repair work. But its experts had told it the uninsured inherent damp issues must be resolved before reinstatement works began. So, I don't think RSA behaved unreasonably in offering this payment, which is in line with the terms of the policy.

In summary I don't think RSA treated Mr G fairly because of the delays in resolving the dampness, for the poor workmanship, poor claim handling, poor communication, and for the distress and inconvenience caused. I think it was fair to provide compensation, but this should be increased to £2,250. I also think it behaved fairly when relying on its policy terms and offering a settlement payment.

I said I was intending to uphold this complaint and Royal & Sun Alliance should:

- pay Mr G a total of £2,250 minus the payment it has already provided for the distress and inconvenience it caused.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

RSA didn't provide any further comments or information.

Mr G provided a number of comments that I will summarise below:

With reference to the provisional decision Mr G says there appears not to be a mention of the impact of the health issues affecting several members of his family. He highlights that this includes a child whose health has been poor since 2013. Mr G says he has provided detailed explanations of the health issues suffered by his family, but the provisional decision doesn't reflect the detailed information he supplied.

Mr G says the reason he was much more involved in the progression of his claim is because of RSA's lack of ability and professionalism. He says it failed to take the appropriate investigatory action. And it was only by his and his family's involvement that contractors and specialists were instructed. Mr G says this had an adverse impact on their health and their ability to carry out their employed roles.

Mr G says he finds it astonishing that RSA, with the involvement of its experts couldn't identify the cause of the dampness for such a long period. Yet the contractors and experts he sourced were able to rectify the issue within months.

Mr G says it is acknowledged in the provisional decision that the lack of access to the shower room facilities was problematic and distressing. He doesn't think this acknowledgement goes far enough. He says a household of seven cannot be expected to have use of just two toilets when several members of the household have health issues. Mr G thinks my provisional decision suggests he should be grateful his family had the use of more than one toilet, which he says is unacceptable. He also says no household should have to put up with this disruption for a period of over ten years.

In relation to the dampness Mr G says he was able to research and source his own experts to establish the issue. This was remedied and the restoration of the shower room was completed in February 2022. He says this is not his area of expertise. RSA was entrusted to carry out the investigations and remedial work, which it failed to do on more than one occasion. He says it's not reasonable to expect him to spend his time sourcing experts to rectify these problems.

Mr G asks how a compensation payment for £2,250 represents a fair acknowledgement of the inconvenience and distress caused to a household of seven over a period of ten years. He also asks on what basis RSA calculated its settlement figure of £14,500 given the length of time and history of this situation. He says this was accepted without prejudice to his right to pursue a claim for compensation.

Mr G asks why when RSA are deemed to be experts, did it take a second deconstruction of the shower room to ascertain the cause of the problems. He references the efforts he made to obtain a report from RSA. And says that if received earlier this could have reduced the time spent without the use of the shower room. He says he sought alternative experts to ensure a thorough investigation was carried out and so the shower room could be restored. He highlights this was at the expense of his own time away from his job.

In choosing to pay a settlement figure Mr G says RSA wanted to "*wash their hands*" of the situation. This left him with no choice but to instruct alternative contractors. He says the lack of continuity has contributed to the delayed restoration of the shower room, causing further distress and inconvenience.

Mr G concludes his comments to say £2,250 in compensation doesn't come close to representing a fair amount in the circumstances he has described.

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 sorry that Mr G thinks the impact on his family's health issues wasn't adequately considered within my provisional decision. I can, however, confirm that I carefully read all of the evidence provided by both Mr G and RSA prior to setting out my findings. Having done so I was aware of the detail Mr G provided about his family's health issues and what this meant for them when access to the shower room facilities wasn't available. By no means is my intention to diminish the impact experienced by Mr G and his family because of the delay in restoring the shower room. But I have already considered these issues when considering an appropriate compensation payment.

I acknowledge Mr G's comments about his and his family's involvement in the claim. RSA says it didn't handle the claim well, which I agreed with. I said Mr G had spent much more time dealing with the matter than he should reasonably expect to. So, I have already considered the role Mr G, and his family, played in the handling of the claim when setting out my findings in my provisional decision. Although I understand his frustration with RSA around this point, I don't think his further comments here justify a change to my decision.

I note Mr G's comment that he finds it astonishing RSA wasn't able to identify the source of the problem yet the experts and contractors he appointed were able to within months. I can understand his frustration given the time taken to identify the source of the problems and to complete the restoration work. In my provisional decision I said RSA had behaved reasonably by instructing specialists and relying on their expert opinion. Based on this it ultimately decided there was inherent dampness at the property. This needed to be resolved by Mr G as an uninsured issue, prior to the restoration work being completed. I have considered Mr G's further comments, but I still think RSA behaved reasonably when relying on the expert opinion to inform it how to proceed with his claim.

Mr G says his contractors and experts have since identified the source of the dampness and restored the shower room. I'm glad this is the case. And I acknowledge Mr G had to spend time arranging for this to happen. But I don't think he's shown the opinion RSA's experts provided was incorrect or that RSA behaved unfairly when relying on it.

I accept that Mr G's household were limited to two toilets when the shower room facilities weren't available. I thought it was useful to confirm in my provisional decision what facilities were available, to understand the impact the delayed restoration had on Mr G and his family. He has a household of seven, some of whom have health issues, which I also accept added to the distress and inconvenience caused. I don't doubt that this was a difficult situation for Mr G and his family, especially as the problem wasn't resolved for a long time. But I did take this into consideration when setting out what I thought was an appropriate compensation payment in my provisional decision. I'm not persuaded that there is new information here that warrants a change to my decision.

Mr G asks why, when RSA are the experts, did it take a second deconstruction of the shower room for it to identify the problem – and points to delays in it providing information that could've been avoided and ultimately impacted on the time to complete the restoration works.

In my provisional decision I acknowledged that some of the delays experienced were avoidable and RSA should compensate Mr G for this. I also said there were clear instances of poor communication and claim handling. I think the compensation I set out is fair in acknowledging these points.

Mr G asks how £2,250 represents a fair compensation amount in these circumstances.

When our service considers how much compensation to award, we look at what trouble and upset the insurer has caused above and beyond that which we'd normally expect to see associated with a claim of this type.

When thinking about this I considered the impact the delays, the poor claim handling, poor communication, and poor workmanship had on Mr G and his family. These were all areas that RSA handled poorly. I also considered the specific health issues Mr G highlighted and the additional distress and inconvenience this created. As well as the more general inconvenience from the lack of shower room facilities, the ongoing disruption, and from the dust created during the investigations and repair works. Given the time this matter took to resolve, together with the difficulties described, I thought a significant compensation award was justified. I think £2,250 is fair in these circumstances and is in line with our principles for making awards.

I understand why Mr G disagrees with RSA's decision to provide a settlement payment. And that he thinks this was done to avoid it having any further involvement in the matter. But its experts did identify a problem with inherent dampness at Mr G's property. His policy terms show this isn't covered. The terms also mean that RSA can choose to pay the cost of the repair as opposed to arranging for the work to be completed. It explained that it couldn't continue with the restoration until the uninsured inherent damp issue was rectified. In these circumstances I think RSA behaved reasonably and according to its policy terms.

I acknowledge Mr G's comments about what basis the settlement payment was calculated upon. He refers to the time involved and the history of the situation. In RSA's final response letter to Mr G dated in May 2020, it acknowledges his request for details of how the settlement payment was arrived at. It says it has provided a copy of the schedule detailing the works covered. I note Mr G's reference to the history of his claim and the time involved, but I think it's correct for the settlement fee to be based on the cost of works established in the schedule. I haven't seen evidence that shows RSA's approach was unfair here.

I'm sorry that Mr G feels the compensation I set out in my provisional decision is inadequate. I sympathise with the distress and inconvenience this matter has caused him and his family over such a long period. But I think £2,250 represents a fair payment. So, I'm not persuaded to change my decision.

My final decision

For the reasons I've explained above, and in my provisional decision, I uphold Mr G's complaint. Royal & Sun Alliance Insurance Limited should:

- pay Mr G a total of £2,250 minus the payment it has already provided for the distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 21 July 2022.

Mike Waldron

Ombudsman