

The complaint

Mr and Mrs W complain that Royal & Sun Alliance Insurance Limited (RSA) has caused huge delays in resolving their claim for subsidence damage to their home and caused damage to their contents.

What happened

I sent the parties a provisional decision in May 2022, in which I set out the following background information to the complaint and my provisional findings.

Mr and Mrs W made a claim for subsidence damage to their home in 2016. RSA used loss adjusters to assess and handle the claim and the claim has been ongoing since then.

Mr and Mrs W have made a number of complaints to RSA about its handling, decisions and delays on their claim. They said that since our service issued a final decision in December 2019, RSA continued to mishandle their claim and caused further unnecessary delays, distress to their family and anxiety.

Mr and Mrs W complained to RSA about delays and handling of their claim on 30 November 2020 and RSA acknowledged it on 18 January 2021. RSA sent its final response on 29 April 2021 and said it takes account of events since its previous final response of 11 June 2020. RSA said it would consider paying for any of Mr and Mrs W's damaged items on production of evidence. RSA said there had been some 'slight shortfalls' in its service and offered compensation of £500.

Mr and Mrs W were unhappy with RSA's delayed response and referred their complaint to our service. They said Mr W had suffered ill health brought on in part by the stress of dealing with the claim. They said the compensation should be more than £1,500 for the 46 weeks of continued delay and huge stress and that they were no closer to moving back to their home.

Our investigator didn't recommend the complaint be upheld. He said RSA had paid Mr and Mrs W £2,800 compensation in respect of their previous complaints and waived their excess. He said £500 compensation was fair for the eight-month period as RSA and its agents had acted on the claim and weren't responsible for the delay of others. He gave an example of the time taken to locate alternative accommodation due to Mr and Mrs W's needs.

Mr and Mrs W disagreed and said our service has failed to hold RSA to account. They said RSA hadn't waived the policy excess and we shouldn't consider whether its offer of £500 compensation was fair as it wasn't made within an acceptable timeframe. Mr and Mrs W said we should purely investigate if they have suffered avoidable delays. They said delays hadn't been caused by the age of their home, their requirements for alternative accommodation or private work on their home. Mr and Mrs W requested an ombudsman review their complaint.

What I've provisionally decided – and why

As I have said, Mr and Mrs W have made a number of previous complaints to RSA about the slow progress of their subsidence claim and the stress this has caused them. These have

been addressed by RSA and our service. This means I am only able to consider the last complaint up to RSA's previous final response – 11 June 2020, up to its latest final response on 29 April 2021. Mr and Mrs W have also brought a complaint against the insurance intermediary for their policy and this will be considered separately.

Mr and Mrs W said we should purely consider whether or not they have suffered any avoidable delays, and so I have looked at the period in that way. I sympathise with them for the time that it has taken to get to the repairs needed to their home and the false starts they have endured, but particularly the ill health suffered by Mr W.

Mr and Mrs W are well aware that it is inherent with any detailed and complex claim, such as a subsidence claim, where many parties are involved that it will take a long time and require a high-level involvement of the policyholders. Our role is to determine if there has been avoidable delays and unnecessary stress caused by the insurer.

The investigator said that RSA weren't responsible for the delayed actions of third parties and the delays were unavoidable. He said Mr and Mrs W were partly to blame for the delayed alternative accommodation but had received delayed responses from RSA.

RSA is responsible for the delays caused by third parties that it employs, but not for events such as the national lockdown and COVID-19 restrictions put in place by the UK government less than three months before the period of this complaint. I have looked to see if RSA was responsible for avoidable delays in this period.

Concerning the arrangement of alternative accommodation, I can see there were difficulties with availability, let duration and Mr and Mrs W's requirements. But I think that this took too long to arrange and caused Mr and Mrs W unnecessary inconvenience and stress. There were also delays caused by RSA's loss adjuster in arranging contractors.

In June 2020 RSA's loss adjuster had furloughed its surveyor and another surveyor submitted the repair schedule to the loss adjusters. This would have caused delay as the repairs are complex and the new surveyor needed time to familiarise themselves with the details of the claim. However, the repairs, which had increased in cost, were approved on 18 June 2020.

I can see that Mr and Mrs W took some time with selecting private work on their home and considering settlement options, but I don't think this caused much delay to their claim. The options presented by RSA are a worthwhile attempt to move the claim towards conclusion but required more information to allow Mr and Mrs W to make an informed choice and to be certain all the work was covered.

I can see that information to assist this process took time to obtain and this has added to Mr and Mrs W's frustration. Given the history of complaints and lately ill health, I think that RSA should have been far more proactive in pursuing the claim to a conclusion. It seems to me the main problem has been a lack of overall management of the claim by RSA and its agents and this has caused delays in the progress of the claim. This manifested itself in the delayed or non-response to Mr and Mrs W's communications to the loss adjuster and contractors and the failure to follow-up on promised progress.

I'm not sure I understand Mr and Mrs W's point that we shouldn't consider RSA's offer of compensation as it wasn't made within an acceptable timeframe. RSA's final response to their complaint was delayed but the offer covers the period of this complaint. It should be borne in mind that complaint handling is not a matter that we can consider. However, I don't agree with RSA's conclusion that there have only been slight service shortfalls. I think there have been significant shortfalls and these come on the back of previous delays for which our

service has been critical of RSA.

All-in-all I think that £1,000 compensation more nearly reflects the impact the delays in this period have had upon Mr and Mrs W and the poor service they received. And I am currently minded to award them this compensation, less the £500 compensation if already paid by RSA.

My provisional decision and the parties' responses

I provisionally decided to uphold the complaint and require RSA to pay Mr and Mrs W £1,000 compensation, less any compensation paid so far.

RSA said £1,000 is far too much. It said I shouldn't have referred to previous complaints and compensation in my decision as the past history has swayed me. RSA attached a full timeline for the current complaint and said the £1,000 looks like a blanket £100 per month for the full timescale, which is not justified by the amount of activity and circumstances of this complex claim. RSA further addressed its concerns under the following headings:

Alternative accommodation:

RSA said the search for alternative accommodation began on 1 July 2020, but very few suitable properties were available to rent, as acknowledged by Mr and Mrs W. Alternative accommodation was required for a period of five months, therefore our supplier was searching for six month tenancies. Accommodation was eventually secured in October 2020, after three months of searching and attempted negotiations. RSA said it acted promptly on any suitable options and it is unfair for this to be classed as an avoidable delay.

Removals and storage:

RSA said a quote for removals and storage was very high, so a second quote was requested, which was £5,000 less, so its request for a comparison quote was justified.

Speakers missing from storage:

RSA said this took time to resolve as it was complicated as there was no record of the items on the inventory and all storage containers were searched. Mr and Mrs W were given the benefit of doubt and costs for purchasing new speakers were provided.

Temporary repair issue:

RSA said there was 'slight inconvenience' from confusion about temporary repairs as the contractors misunderstood RSA's instruction thinking it concerned previous work. When RSA became aware, permanent repairs were due to start and so this wasn't requested.

Arrangements for repairs:

The contents went into storage in January 2021 and Mr and Mrs W moved into alternative accommodation for repairs to be carried out. RSA said Mr and Mrs W had been informed there were rooms missing from the schedule, but these only required crack repairs and decoration so would be easier to add in.

RSA said when its contractor requested keys, Mr and Mrs W declined. RSA said it made several attempts to discuss concerns by phone, and offered a meeting, and a repair manager to assist with progress of the repairs and offered flexible cash settlement options.

RSA said there was a gap between 1 February 2021 and 9 March due to Mr W suffering a heart attack as he was unable to make a repair decision. RSA said it had attempted to progress repairs as much as it could and has been as flexible as can be to assist.

RSA said £1,000 compensation is excessive and likely to be insulting to Mr and Mrs W who want in excess of £1,500. RSA said this was a 10-month period on a subsidence claim that was receiving a lot of attention and was constantly being worked on.

Mr and Mrs W queried why this is only a provisional decision whilst my response to their separate and more important complaint was a final one. They said this was obvious now that they understood the dynamics of the Financial Ombudsman's services 'and their inherent bias towards the insurer'. As it suits the insurer, as they are given the chance to respond and undermine the Ombudsman's decision.

Mr and Mrs W said I had at least recognised the sham of RSA's response to their complaint and its excuses for the avoidable delays. They said our investigator hadn't investigated their complaint properly bombarded them with completely incorrect information, spoon-fed by RSA and allowed himself to be a part of RSA's misinformation.

Mr and Mrs W said they still felt the award is not meaningful and wouldn't deter RSA from continuing to delay their claim. But they said they would accept the additional award of £500.

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.

Having looked at all of the information and evidence again, I remain of the view that it should be upheld, and for the reasons set out within my provisional decision. Both parties to this complaint have strongly held views. There's frustration on both sides with the actions of the other and our service, and the more quickly this claim can be concluded the better.

My response to RSA concerning my reference to previous complaints within the provisional decision is that this is necessary to ensure the context of the present complaint is properly situated. In any event it isn't for RSA to tell our service what we should and shouldn't include within our decisions. I reject RSA's comment that I've been unduly influenced by Mr and Mrs W's previous complaints and I haven't applied a monthly tariff to the calculation of the compensation.

I acknowledged the difficulties for RSA in arranging alternative accommodation, but I still think this took too long and caused Mr and Mrs W unnecessary inconvenience and stress. I think it's beyond question there were delays in RSA's loss adjuster arranging contractors.

I remain of the view that the options presented by RSA needed more information to help Mr and Mrs W to make an informed choice and this caused a delay. There is plenty of evidence from RSA of Mr and Mrs W's point that responses to their communications to the loss adjuster and contractors were delayed or not made at all. In my provisional decision I said there was a failure by RSA and its agents to follow-up on promised progress, and I think that is evidenced from the claim records.

RSA has given examples of delays to the claim but concluded that it 'was constantly being worked on'. That seems contradictory to the evidence and I think it has downplayed the significance of delays to Mr and Mrs W. I still think RSA should have been far more proactive in pursuing the claim to a conclusion.

Mr and Mrs W ask why I've written a provisional decision in this complaint and not for their previous complaint. The reason is that I've changed the outcome of this complaint and awarded further compensation. When that happens, I'm required to allow this new position to be considered by the parties via a provisional decision. I don't have an 'inherent bias' towards either party in a complaint.

I have noted Mr and Mrs W's reluctant acceptance of my provisional award of further compensation of £500 and I see no reason to change my view about this. The additional compensation is intended to reflect the impact the delays in the period of this complaint have had upon Mr and Mrs W and the poor service they received. From reviewing the circumstances again, I think this is a fair and reasonable response to the complaint.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. I require Royal & Sun Alliance Insurance Limited to pay Mr and Mrs W additional compensation of £500 for the distress and inconvenience they have been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs W to accept or reject my decision before 1 August 2022.

Andrew Fraser
Ombudsman