

The complaint

Mrs M and Mr W complain about Royal & Sun Alliance Insurance Limited's (RSA) settlement offer and handling of their claim following an escape of water under their building insurance policy.

What happened

In January 2021 Mrs M and Mr W contacted RSA to report a problem with their kitchen sink. There appeared to be a blockage and water had backed up causing damage and making the sink unusable.

RSA sent a specialist drain engineer to investigate. It says the drains were found to be clear but there was an issue with a pipe under the kitchen floor that was causing water to back up. Mrs M and Mr W spoke with RSA on the phone to discuss next steps and it sent an email to confirm this in February 2021.

RSA says it told Mrs M and Mr W they had trace and access cover. This would cover the cost of removing any part of the building to locate the leak but excludes the cost of repairing the leak itself. It asked for photos to allow a clear idea of the damage and that once the leak had been fixed Mrs M and Mr W should submit the trace and access costs with their photos for it to review.

Mrs M and Mr W arranged for a plumber to locate and repair the leak. They obtained three quotes to carry out the repairs to the floor and kitchen unit. They arranged for the work to be completed using the cheapest contractor and submitted these costs to RSA.

RSA says it had no opportunity to validate the costs claimed prior to the work being completed. It arranged for a surveyor to visit Mrs M and Mr W's home. He assessed the cost of the damage and calculated repairs covered by their policy came to £1440.01. This is before the policy excess fee. It says Mrs M and Mr W paid £2,809.61 for the repairs, which it believes is excessive.

Mrs M and Mr W didn't accept RSA's settlement payment and didn't think the claim had been handled well causing distress and inconvenience. RSA didn't respond to their complaint within eight weeks, so they referred it to our service. Our investigator didn't uphold their complaint. She didn't think Mrs M and Mr W had allowed RSA the opportunity to validate the cost of the claim. She thought it had acted fairly and in line with the policy terms in making its offer.

Mrs M and Mr W didn't agree with this outcome and asked for an ombudsman to review their complaint.

It has been passed to me to decide.

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.

My role here is to consider whether RSA treated Mrs M and Mr W fairly in how it handled their claim under the terms of their policy. Their complaint falls into two parts and I have split my decision by two headings.

Claim settlement

I can sympathise with Mrs M and Mr W that they weren't able to use their kitchen as they normally would. I'm sorry that they were distressed and were inconvenienced because of this.

I've read through the correspondence and claim notes to understand what was discussed between RSA and Mrs M and Mr W when the claim was raised.

I can see the drain specialist identified the drains were clear, but there was thought to be a problem with the underfloor pipes. It was established that further work was necessary to identify the leak and fix it. RSA confirmed that "*trace and access*" cover was in place to access the location of the leak. It sent an email to Mrs M and Mr W in February 2021. This says:

"We have had confirmation that this is no longer a drainage issue but instead an escape of water, suspected to be coming from under the flooring in the kitchen.

You do have trace and access cover on the policy which will cover you for removing any part of the building necessary to locate the leak, this excludes the cost to repair the leak.

We would ask that you take plenty of images of the process before, during and after the leak has been found so we have a clear idea of the damage involved. Once the leak has been fixed please submit the trace and access costs along with the images for our review."

RSA sent a chaser email two weeks later asking for the information. Mr W responded the same day to say they were obtaining quotes and will be in touch. The records show a further contact from RSA via email towards the end of March asking if Mr W had obtained quotes. Mrs M and Mr W subsequently sent photos and an invoice for the completed works. This included the trace and access work as well as the reinstatement of the damaged areas.

RSA wasn't satisfied that it had been given the opportunity to validate the costs claimed. So, it arranged for a surveyor to visit. I've read the information provided by its surveyor. This includes a schedule of works and costings for the repairs covered by Mrs M and Mr W's policy. The settlement figure calculated is significantly less than they had paid for the repairs.

I've read the schedule of works. I think this shows the surveyor included the work required to reinstate the kitchen from the damage caused by the escape of water. Mrs M and Mr W don't dispute this point, but they do think RSA should refund what they paid their contractor to carry out the repairs.

I have thought about whether RSA's settlement offer is fair.

When a customer claims under their policy it's expected for the insurer to have the opportunity to validate the claim and any costs that are involved. I don't dispute Mrs M and Mr W's strongly held view that they acted reasonably when arranging for the repairs to be carried out, based on what RSA had told them. But having considered the records provided, I can't see that RSA authorised repairs to be carried out. The email from February 2021 says they are covered for trace and access, and once the leak has been located, and fixed, they

should provide the associated costs.

The email says Mrs M and Mr W should take plenty of images and provide these for RSA to review. There is no reference to reinstatement works being covered at this point. When this is chased up by RSA, Mr W says he's obtaining quotes. But neither the information RSA requested or the quotes he mentioned, were provided to RSA prior to him instructing a contractor to complete the repairs.

I have read Mrs M and Mr W 's policy terms to understand what is expected in these circumstances. The terms under "*General Conditions*" say:

"Your Insurer's rights following a claim.

If you make a claim or possible claim under this policy your insurer will at their option:

Repair, reinstate or replace the lost, damaged or stolen property or pay the cost of reinstatement through a repair or replacement network nominated by your insurer."

RSA's surveyor has costed the repairs covered by Mrs M and Mr W's policy at £1,440.01. I acknowledge their desire to have the repairs completed quickly, and they felt this was best achieved by appointing their own contractor. But for the reasons I have set out above, I don't think this was authorised by RSA. So, I don't think it behaved unfairly when relying on its policy terms and offering the settlement figure it did.

Claim handling

Mrs M and Mr W have expressed concern with how RSA handled their claim. I have read the records provided in detail to understand how this was processed. But I don't think RSA behaved unreasonably.

Initial investigations were carried out and Mrs M and Mr W were then instructed to arrange for the leak to be accessed. The costs of which were covered by their policy. And they were to arrange for the leak to be fixed, which was payable by them. It was expected that Mrs M and Mr W would provide the requested information for the access costs and photos showing the damage for RSA to review. It contacted them to chase for a response when this wasn't received.

Mr W responded the same day to RSA's chaser. But he didn't provide the information requested. What he did was to arrange the repair works to be carried out and then sent information to RSA. This meant it had to arrange for the repair costs to be validated after they had been completed. The dispute about the amount RSA was prepared to pay to settle the claim then followed.

I understand that Mrs M and Mr W hold strong views that they have been treated unfairly. But I'm not persuaded this has been shown to be the case. RSA was entitled to validate the cost of the repairs covered by its policy. I think it acted reasonably when trying to do so.

I'm sorry Mrs M and Mr W are dissatisfied with the time taken by RSA to respond to their complaint. But complaint handling isn't a regulated activity in itself. This means I can't consider this here.

Based on what I have seen I don't think RSA took an unreasonable amount of time when handling Mrs M and Mr W's claim, or that it's settlement offer was unfair for the reasons discussed. So, I can't reasonably ask it to do any more to resolve their complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr W to accept or reject my decision before 17 August 2022.

Mike Waldron
Ombudsman