

The complaint

Mrs and Mr C complain about how Royal & Sun Alliance Insurance Limited (“RSA”) handled a claim under their home insurance policy.

What happened

Mrs and Mr C have a home insurance policy with RSA covering their house. In November 2019 water entered their cellar causing damage to the walls and floor so Mrs and Mr C submitted a claim to RSA.

RSA’s loss adjuster visited a few days later and agreed that the water ingress had been because of heavy storms and flooding in the area. The adjuster recommended drying out the cellar before attempting repairs. Also, they recommended examining the cellar’s damp proof membrane (DPM) system to find out why the water had actually got into the cellar.

Drying then commenced, and a structural engineer said there was DPM protecting the cellar and recommended a new one was installed. But another company working on RSA’s behalf also said there wasn’t any DPM protecting the cellar.

There was some confusion and delay handling the claim at this time. Water was still apparently entering the cellar around this time and moisture levels were high.

In June 2020 RSA declined to pay for replacement DPM because it said it would regard fitting them as betterment.

In August 2020 a report was made by another engineer who confirmed that there was an older type of DPM in place to protect the cellar floor, but ultimately the water table had probably risen, gone over the membrane and the cellar was still damp. This engineer recommended a tanking system be installed.

RSA then arranged this, but it fitted a type of material in the tanking system that was below current standards. This material was fitted with the agreement of Mrs and Mr C. Works were complete by the end of 2020 but Mrs and Mr C weren’t happy about the length of time it took for RSA to handle their claim. They weren’t able to use the cellar for an extended period of time and they had to go to a launderette to clean their clothes for five months.

RSA agreed to pay them £450 compensation for their stress and inconvenience and £250 for their increased costs, but Mrs and Mr C asked for more.

Mrs and Mr C brought their complaint to this service. Our investigator looked into it and upheld it. He said he thought RSA had caused about six months of unnecessary delays and it should pay an additional £200 for Mrs and Mr C’s distress and inconvenience, plus the £250 for increased costs.

Our investigator didn’t think RSA had acted fairly in fitting the new DPM though as he thought Mrs and Mr C had simply agreed to it because the claim had taken so long. So he said RSA should fit a new and compliant tanking system to the cellar.

Mrs and Mr C accepted his view, but RSA didn't. It said that the cellar had only previously had a DPM under the floor rather than tanking of any description to the sides of the cellar.

So the works that RSA had already done had improved the condition of the cellar and it said Mrs and Mr C had clearly accepted this. It wasn't prepared to further upgrade the tanking it'd done as it regarded this as significant betterment.

Mrs and Mr C have also told this service that they have received an additional £200 from RSA.

Because RSA didn't agree with the view, the complaint has been passed to me to make a final decision.

I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

I think Mrs and Mr C's complaint should be partly upheld and I'll explain why.

I can see from the evidence I have that this claim was a very disruptive experience for Mrs and Mr C. RSA used various technical experts throughout the claim who have made reports that conflict each other and it seems to me that Mrs and Mr C have had great patience throughout. RSA doesn't seem to have progressed the claim well at various points leading to some delay in the claims process.

I agree with our investigator's view that £650 is an appropriate payment for Mrs and Mr C's distress and inconvenience. It's apparent that RSA has already paid this full amount, plus the £250 for increased costs, which indicates it has accepted that level of award.

I understand that Mrs and Mr C have asked for more, but this award is at the upper limit of what this service would recommend in a situation like this and I'm not persuaded to award a higher amount.

The other issue for me to consider is the situation with the replacement of the DPM under the floor of the cellar. Mrs and Mr C made a complaint to RSA about this during their claim, and this complaint seems to have been dealt with to their satisfaction. It didn't form part of their approach to this service, but it formed a major part of our investigator's view, and RSA have replied in detail about it, so I think it's fair that I mention it here.

From the evidence I have, I think it's clear that the cellar did have some sort of DPM under the floor. This DPM seems to have been overwhelmed by the rainfall in November 2019 and

I understand from the details of the claim that RSA eventually chose to improve the flood resilience of the cellar by fitting a tanking system.

It seems to me that RSA's response to fit tanking was reasonable, it improved Mrs and Mr C's position, and Mrs and Mr C accepted the work that was done.

Because Mrs and Mr C had previously indicated to RSA that they were happy with the work that had been done, and they haven't mentioned this again since, I think the fair and reasonable solution is for both sides to accept that the work done was adequate.

My provisional decision

For the reasons set out above, my provisional decision is that I intend to uphold this complaint in part. I intend to direct Royal & Sun Alliance Insurance Limited to pay Mrs and

Mr C:

- *£650 compensation for their distress and inconvenience. It's my understanding that this amount has already been paid by RSA.*
- *£250 for their increased costs. It's my understanding that this amount has already been paid by RSA.*

Responses to my provisional decision

RSA accepted my provisional decision and Mrs and MR C didn't respond to it.

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.

As RSA accepted my provisional decision and Mrs and Mr C didn't respond to it, my final decision and reasoning remains the same as in my provisional decision.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint in part. I direct Royal & Sun Alliance Insurance Limited to pay Mrs and Mr C:

- £650 compensation for their distress and inconvenience. It's my understanding that this amount has already been paid by RSA.
- £250 for their increased costs. It's my understanding that this amount has already been paid by RSA.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs and Mr C to accept or reject my decision before 19 August 2022.

Richard Sowden
Ombudsman