

The complaint

Ms B complains that Royal & Sun Alliance Insurance Limited (“RSA”) unfairly declined a subsidence claim she made under her home insurance policy.

All references to RSA in this decision include its appointed agents.

What happened

In September 2020, Ms B made a claim under her RSA home insurance policy, when she noticed cracks at her property were getting wider.

RSA arranged an inspection of the property and several internal areas of damage were noted, including the hall, stairs, landing, lounge, kitchen and bedrooms. There was also damage to the roof.

RSA initially concluded that the damage had likely been caused by either clay shrinkage, escape of water from drains, thermal movement or general deterioration of the property. So further investigations were carried out. These included CCTV investigations of the drains, trial pit and borehole, and level monitoring.

Following the investigations, RSA told Ms B that the movement was minimal – and that the damage to the roof was due to inadequate design and construction. It wrote to Ms B in August 2021 explaining why it was declining the claim.

Ms B also appointed her own specialists to inspect the damage and provide their opinion. The first opinion said the property was experiencing subsidence causing the gable walls to move outwards. The second opinion suggests that insufficient investigations were carried out by RSA to determine the cause of the movement and damage.

Ms B complained to RSA about its decision to decline the claim. She also said she’d experienced poor customer service. In RSA’s response, it said it couldn’t see an insured peril had occurred (ie. subsidence) and it was satisfied the claim had been turned down correctly. But it apologised for being unable to change an appointment and for not phoning Ms B back when it had promised to. It offered Ms B £75 compensation.

Ms B remained unhappy with RSA’s response, so she referred her complaint to this service. Our investigator considered the issues and didn’t think RSA had done enough. She recommended it carry out further investigations to determine whether an insurable event was the cause of the damage.

RSA didn’t agree with our investigator’s recommendations. It said the reports provided by Ms B weren’t as reliable as its own contractor’s findings. And it maintained its position that all the necessary investigations had been carried out.

Because an agreement couldn’t be reached, the complaint has now 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.

Having done so, I'm upholding this complaint in part. I'll explain why.

The claim decline letter states that the damage to Ms B's home is not consistent with subsidence or the operation of any other insured event. This decision was based on site investigations, which RSA says showed no significant vegetation existed around the property, and the foundations were of adequate depths given the soil conditions. This enabled RSA to rule out clay shrinkage subsidence.

RSA also said the drains had been surveyed and that there were no defects. It further stated that a period of monitoring had occurred to check levels of movement. During the seven-month monitoring period, movement of no more than 2mm was recorded.

This contradicts the opinion given by Ms B's roofing expert, who said the property was suffering from issues of subsidence/heave. I've found this expert's report to be less persuasive, as it doesn't give as much detail regarding the property damage, nor does it give sufficient reasoning for reaching the conclusions reached.

I've also however considered the report from Ms B's structural engineer – which is based on the information provided by RSA. It raises a number of points about the adequacy of the site investigations that were carried out by RSA.

These points include:

- There was no monitoring of the ground bearing floor slab and internal walls where the damage was evident.
- No ground water monitoring was undertaken.
- No water test was carried out on the drains.
- The period of monitoring was insufficient.

The structural engineer's report gives detailed comments regarding the engineer's opinions and offers reasonable arguments for why further tests should be carried out. For this reason I cannot discount this as a reliable expert opinion. RSA says the expert hasn't produced any physical evidence of their own to contest RSA's findings – however I don't consider this necessary because the engineer's opinion is based on analysis of the results of the same tests that RSA has relied on, and on a physical inspection of the property.

For the above reasons, I'm going to require RSA carry out the further monitoring and testing recommended by our investigator.

Ms B has also complained about RSA's customer service and the time taken to deal with the claim. I don't think the 11 months it took RSA to complete site investigations and decline the claim was unreasonable, as I can see that around seven months of this was monitoring which is necessary in deciding claims of this nature. Overall, I cannot see that there were any unreasonable delays in the process.

I've listened to the phone calls Ms B has had with various representatives. And I think RSA's offer of £75 is fair to reflect some of the poor service Ms B received. However, I agree with

our investigator that the call with one adviser in particular was difficult and could've been handled better. And I think that caused Ms B distress and inconvenience that she should be further compensated for. So I think £50 more compensation should be paid in relation to the service Ms B received during that call.

Putting things right

Royal & Sun Alliance Insurance Limited must now:

- Undertake a 12-month period of monitoring to determine whether the property is stable or still moving.
- Carry out water tests on the ground water drainage if there are any signs of slight cracks or defects to the drains.
- Carry out ground water monitoring to determine whether ground water might be affecting the subsoil.
- Carry out tests to determine if the cause of the damage might be due to a sulphate attack to the ground floor slab.
- Reconsider the claim in light of the results from the above investigations. If the claim is ultimately accepted, give further consideration to the roof damage.
- Pay Ms B a further £50 compensation for distress and inconvenience, bringing the total amount of compensation in this case to £125.

My final decision

My final decision is that I uphold this complaint and I direct Royal & Sun Alliance Insurance Limited to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 23 October 2022.

Ifrah Malik
Ombudsman