

The complaint

Ms A is unhappy with the way Royal & Sun Alliance Insurance plc (RSA) dealt with a claim she made under her home insurance policy.

What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Ms A got in touch with RSA when she noticed crack damage in her home. RSA appointed a loss adjuster, C, to deal with the claim.
- C inspected the damage. It said the damage had been caused by subsidence as a result of leaking drains. It arranged for a drainage survey to be carried out.
- The survey found defects in five pipes. C wrote to the local water company, S, to say S was responsible for the defects in pipes 1 and 3 and asked it to carry out repairs. S didn't agree to do so.
- C says it carried out repairs to pipes 2, 4, and 5 as part of the subsidence claim – but only the defects that were within 3 metres of the property. It repaired the remainder of the defects in those pipes under a separate claim for underground pipes, for which it charged a separate excess in addition to the subsidence excess.
- C then said it would carry out repairs to the building. Ms A was unhappy with this. She questioned whether it was appropriate to repair the building as some of the drain defects remained outstanding. RSA didn't provide a response to the complaint.
- Our investigator wasn't persuaded RSA had shown that the drain repairs it had carried out had stabilised the property. In part this was because Ms A reported further cracking during our investigation and also because C had said monitoring showed ongoing movement. She recommended RSA stabilise the property. And directed it to record one single claim for the subsidence and drain damage combined.
- RSA said it hadn't monitored the property. And that any defects more than three meters away from the property would be outside the 'zone of influence' of the foundations and weren't causing the subsidence damage. Whilst it said it would be beneficial for S to carry out repairs to the defects its responsible for, repairs could be carried out to the building and damage wouldn't be guaranteed to return.
- As monitoring hadn't been carried out, our investigator revised her recommendations. She said RSA should carry out investigations, such as monitoring, to show the property was stable. She maintained the claim should be recorded as one. And she said RSA should pay £450 compensation for the distress caused by the avoidable delays in the claim and the confusion caused by saying it had monitored the property already when it hadn't.

- An agreement wasn't reached, so the complaint has been passed to me for an Ombudsman's decision.

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.

Drainage repairs

The policy covers damage caused by subsidence. RSA accepts there's subsidence damage to the building and has agreed to carry out repairs. When it does so, it must ensure the repair it carries out is lasting and effective. That means ensuring the subsidence movement has ceased and the building has stabilised – otherwise further damage is likely.

C identified a number of drainage defects. I understand it has repaired all of the defects on pipes for which Ms A is responsible. S is responsible for the other pipes – and the defects within them. C can't make S carry out those repairs, but it can highlight the defects, and the problem they've caused, and ask S to put the damage right. So it was right for C to notify S of the defects and ask it to carry out the repairs.

S hasn't agreed to take any further steps. Despite that, C has recommended repairing the building. Ms A's complaint is effectively that she doesn't think C can carry out a lasting and effective repair with drainage defects remaining.

Not all drainage defects will have the same influence on the subsidence movement. Depending on their proximity to the building and the amount of water being released, some defects may have more or less influence on the movement. In some circumstances, it's possible to stabilise the building without repairing all defects. So I've considered the evidence about the defects to see whether that's the case here.

The only report I've seen from C says the subsidence problem was caused by 'leaking drains'. This was prior to the survey being carried out, so I wouldn't expect it to be able to predict what defects might be present. But I haven't seen any other reports that make more specific findings about the defects or which might suggest some were having more of an influence on the subsidence problem than others.

When C wrote to S, it said the drain survey showed 'severe defects in need of repair' that were causing subsidence. This firmly gives the impression that these defects are having a significant influence on the subsidence problem and need to be put right to stop the movement. In response to our investigator, C described these as 'minor drainage defects' but I've seen no engineering or surveying commentary from C to support that or explain what's changed since its earlier description of the same defects.

C says it can proceed with repairs but I haven't seen it say the building has been stabilised and/or that damage is unlikely to return on the strength of the drainage repairs carried out so far alone.

Ms A reports damage continuing, despite the drainage repairs that have already been carried out, which should have reduced the extent of movement.

Whilst C had said monitoring had shown movement, it maintains it hasn't carried out any monitoring. This appears to be an error in C's correspondence, which is unhelpful.

Taking all of this into account, I'm satisfied our investigator's recommendation to monitor the property is a reasonable one. RSA, through C, hasn't shown the building has stabilised and/or that the outstanding defects are sufficiently minor that they're not continuing to influence the subsidence movement. However, S hasn't agreed to carry out repairs and seems unlikely to be persuaded otherwise without further information.

Level monitoring for a period of 9-12 months is common industry practice where some, but not all, of the cause of subsidence has been removed. The monitoring will show whether the building has stabilised or not. If so, it may give Ms A reassurance about agreeing to building repairs. If not, it may give C evidence with which to persuade S to carry out repairs. Failing that, continued movement will likely mean C will need to take other steps to stabilise the building. But that can be assessed once the monitoring period is concluded. At that time, C should have an engineer or surveyor assess the readings alongside the other claim information and let Ms A know how it intends to proceed.

Multiple claims

I understand C setup a second claim, in addition to the subsidence claim, for repairing the defects located more than three meters from Ms A's property. It charged her a separate excess for carrying out these repairs. If the defects were unrelated to the subsidence problem, I may find this fair. But if they were related, or likely to be, I think they should be included within the subsidence claim.

C said these defects weren't influencing the subsidence movement because of their distance from the building. These comments followed our investigator's findings. I haven't seen them appear in any reports from the relevant time. And I haven't seen any engineering or surveying commentary from C to support them.

I accept the general principle that as defects get further from the building, their influence is likely to reduce. But what's important here is the specific defects, their actual distance from the building, and an expert judgement on their influence. It's unclear exactly what defects were considered 'near enough' or 'too far away' to be causing the subsidence movement. I note some defects were five metres along the pipe, but not necessarily five metres from the building because of the pipe layout. So it's not clear that these defects were so remote from the building that they were clearly not influential at all. Given no expert information has been presented to support C's approach, I'm not satisfied it was fair.

To put things right, all the drainage repair should be included under the subsidence claim. That means the second claim should be removed from any internal or external databases and the excess Ms A paid should be refunded, so that she only pays a single subsidence excess for the claim.

Compensation

I'm satisfied the problems identified above means RSA has caused avoidable claim delays. Whilst it can't be held responsible for the actions of S – and its decision not to repair its drainage defects – RSA has a duty to progress the claim promptly and fairly. Seeking to repair the building without showing its stabilised isn't in line with that duty.

It's clear the delays have caused Ms A distress and inconvenience, so I think it's right RSA pays compensation to her.

Our investigator suggested £450 and I consider that reasonable in the circumstances.

My final decision

I uphold this complaint. I require Royal & Sun Alliance Insurance plc to:

- Carry out monitoring as described above
- Remove the second claim and refund the excess
- Pay £450 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 13 December 2022.

James Neville
Ombudsman