

The complaint

Mr P is unhappy that Royal & Sun Alliance Insurance plc (RSA) didn't arrange and pay for alternative accommodation while it dealt with his claim for fire damage.

Any reference to RSA includes any other party acting on its behalf.

What happened

Mr P had buildings and contents insurance with RSA for a number of years. He claimed under the policy following a fire at his home. RSA accepted the claim but made some mistakes. Because of those mistakes, Mr P didn't receive alternative accommodation (AA).

The facts of the matter are not in dispute. Rather than repeat the detail here, I'll focus on giving the reasons for my 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.

Having done so, I've decided to uphold Mr P's complaint, though I won't be asking RSA to pay more than our investigator already proposed. I'll explain.

The issue of Mr P's complaint is that RSA didn't offer him AA or any payment towards his costs while unable to live at his home. RSA acknowledged its mistake, but it didn't rectify anything. So, Mr P wants RSA to pay him what it would've cost for AA while he was staying with friends and family.

The shortfalls I've identified include:

- RSA should've offered AA as soon as it accepted Mr P's claim because the loss adjuster deemed his home uninhabitable.
- The policy start date was incorrectly logged as the same day as the fire, triggering a fraud investigation.
- RSA realised its mistake and didn't pursue a fraud investigation, although it did contact Mr P and his neighbour for further information which he said caused him additional distress.
- Handling of Mr P's claim was transferred between RSA's agents, mainly for valid reasons, but that led to mistakes made with his claim.
- Because of the mistakes, RSA didn't offer AA because it believed Mr P didn't need it.
- By the time RSA realised it should've offered AA, cleaning had almost finished so Mr P could move back home. Instead, it offered disturbance allowance at the industry rate of £10 per day, backdated to the start of his claim.

Our investigator proposed compensation of £750 in recognition of the shortfalls. Mr P didn't think it was enough. I've thought carefully about the additional and avoidable distress and inconvenience Mr P suffered because of RSA's mistakes, including:

- He stayed with various family and friends causing disruption for two months because RSA didn't provide AA.
- RSA only paid disturbance allowance after Mr P was able to move back home, rather than when he would've needed it.
- Inaccurate reporting between RSA's agents resulting in a fraud investigation caused Mr P additional distress.
- RSA didn't offer Mr P anything for the distress and inconvenience caused even after acknowledging its mistakes.

I understand that Mr P wants RSA to pay him what it would've cost to provide AA for the two months he wasn't able to live at home, plus compensation. RSA paid Mr P a disturbance allowance, albeit late. That payment is to cover additional costs beyond those which Mr P would ordinarily incur had the fire not happened and if he'd stayed at home. For example, additional meal, laundry, or bathing costs.

Mr P isn't entitled to a fixed sum for AA regardless of whether RSA made that available to him. But AA would've been the preferred option, and it's the loss of that option for which I'm asking RSA to pay compensation.

I'm in no doubt that RSA didn't handle Mr P's claim as well as it should've done, and that Mr P experienced distress and inconvenience. However, I must balance that with the distress and inconvenience he would've experienced anyway as a direct result of the fire; the complicated circumstances around the cause of the fire, and the fact that RSA settled the claim quickly.

Overall, I'm satisfied £750 is fair and reasonable compensation for the issues I've identified.

My final decision

For the reasons given above, my final decision is that I uphold Mr P's complaint and Royal & Sun Alliance Insurance plc must:

- pay Mr P £750 compensation in recognition of its service shortfalls and the failure to provide alternative accommodation while his home was uninhabitable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 April 2023.

Debra Vaughan
Ombudsman