

## **The complaint**

Mr C complains about how Royal & Sun Alliance Insurance Limited trading as RSA dealt with his claim on his home insurance.

Mr C is the policyholder, but he has been represented by his son throughout this claim and complaint. However for ease of reading I've referred just to Mr C throughout. But all references to Mr C include the actions of both the policyholder and his son.

## **What happened**

Mr C had a home insurance policy through his bank. In 2014 he made a claim for subsidence to his kitchen extension on the policy. At this time the policy was underwritten by a different insurer that I will refer to as A. A said the cause of damage was moisture extracted by two nearby trees. To rectify the problem it installed a re-hydration channel. It charged Mr C a £1,000 excess.

However by 2016 cracks had appeared again. A investigated and found some damaged drains which it fixed. It also found that the roof of the extension was damaged but said this wouldn't be covered, so Mr C paid to have this fixed.

In 2018 Mr C discovered further cracking to the extension and he contacted A again. A's loss adjuster came out to investigate however later informed Mr C that his policy was now with RSA and the loss adjuster didn't work with it.

In September 2018 the claim was passed to RSA. It appointed its own loss adjusters who inspected the cracks and said it thought they were due to root induced clay shrinkage caused by a nearby tree. RSA instructed Mr C to remove the tree. It also said that as the subsidence was due to a different cause than his original claim, it would be dealt with as a new claim. It therefore requested a second excess of £1,000 to be paid.

Mr C had the tree removed but he wasn't convinced this was the cause. In 2021 he instructed his own engineer to review the extension. They reported that the issues in the original claim hadn't been addressed properly and these still needed to be rectified.

Following this RSA instructed a further report that identified problems with the drains. Following a site visit it also concluded that movement of the extension was due to the fact it was built on made ground and it would need to be demolished and rebuilt. However it maintained its position that the claim was separate from the original one and therefore a second excess would apply.

Mr C made a complaint as he didn't think it was fair that he was being charged a second excess when his report had shown the damage was related to the original claim. He also said RSA had taken a long time to deal with his claim.

RSA responded but it said a second excess would still apply. However it offered £500 compensation that it said it would review again once the claim was resolved. Unhappy with this, Mr C brought his complaint to this service.

Our investigator considered the issues and recommended Mr C's complaint be upheld. She said based on evidence available she was persuaded that the claim was a continuation of Mr C's original claim so she didn't think it fair that RSA charge an additional excess. She also thought it should pay Mr C's costs for the tree removal, expert reports and fixing his roof as part of the claim, including 8% interest on these amounts. Finally she thought RSA's offer of £500 was fair for the delays caused up to when it issued its final response in March 2022.

Mr C didn't think the compensation was enough to reflect the impact of RSA's poor handling. RSA didn't agree that the claim should be dealt with as a continuation of the first claim. It said if it were then it would be for A to deal with the repairs rather than RSA. It also thought it should have the opportunity to obtain information and reports from the first claim in order for that decision to be properly made. It asked for the case to be reviewed by an ombudsman.

### **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.

### **Excess**

While it isn't possible to know for certain if the damage is linked to Mr C's original claim, I think based on the evidence available it is most likely that it is.

There have been several suggestions for the cause of the damage however following Mr C's report in 2021 RSA has agreed there is further damage to the drains, which was the focus of the 2016 claim.

And most recently RSA has concluded that the cause of the continued cracking to the extension is the fact it's built on made ground and because of this it needs to be rebuilt. Throughout Mr C's claim the damage has been focused in the kitchen extension. If RSA has now found the underlying cause to be the ground it is built on, it is likely that this was the underlying cause throughout. While possibly also influenced by other factors.

So based on the evidence, I am think on the balance of probabilities the cause of the subsidence Mr C is now experiencing is linked to the initial claim. I therefore don't think it fair that it is registered as a new claim or that a second excess is charged.

RSA has said that if the cause of the current problem is linked to the original claim then it should be for A to deal with it as a continuation of that claim. While I agree with it in principal, I don't agree it's fair to apply this here.

Mr C first raised the issue of paying an additional excess in 2019. And RSA has since then considered whether the claim was a continuation in order to decide if an excess would apply. I've read through its correspondence and claim notes and at no point did it tell Mr C that he may need to refer back to A for cover. Even though the conversation about whether the claim was a continuation or not has been ongoing for a long time. Due to this I don't think it's fair for RSA to only now refer Mr C back to A after dealing with the claim for nearly four years.

For this reason I think a fair and reasonable resolution is for RSA to deal with the claim. However it should be registered as a continuation of the previous claim and no additional excess should be charged.

### **Mr C's costs**

Throughout the claim Mr C has had to cover a number of costs himself in order for the claim to move forward, which I think RSA should cover.

Firstly the roof to the kitchen extension was badly damaged and this wasn't covered under the original claim as the damage was deemed to be due to wear and tear. However the report from Mr C's roofer stated:

*'After inspection of the rear kitchen flat roof, we found that the roof had dipped badly to the area of the rear of the extension and was holding a more than acceptable amount of rainwater.*

*On closer inspection we found that there had been a previous subsidence issue which caused the roof to dip and allow rainwater to penetrate the roof covering a lot quicker than is normal.'*

As there are no other expert opinions that provide any evidence to dispute this, I'm persuaded that the damage to the roof was a direct result of the subsidence. I therefore agree that RSA should reimburse Mr C for the cost of the roof repairs and the cost of the report that proved the cause.

Mr C also had to pay for the cost of removing a tree at the direction of RSA. As part of a subsidence claim, we'd expect an insurer to provide a solution that is effective and long lasting. And in this case, RSA considered that in order to do that, the root cause of the problem had to be removed in order for repairs to take place. If action needs to be taken in order for the subsidence to be resolved effectively, and therefore for the repair to be effective and long lasting, this service considers it fair and reasonable that the associated costs are included as part of the claim. I therefore agree that RSA should reimburse Mr C for the cost of the tree removal.

Finally, in 2021 Mr C felt he needed to instruct his own report into the cause of the damage. And off the back of his report RSA instructed further drain investigations that led to the discovery of drain issues that hadn't been uncovered and its decision that the damage was due to the extension being built on made ground. As the report led to a change in RSA's position, I agree that it should reimburse Mr C for the cost of the report.

As Mr C has been without the money for all these costs, I also agree RSA should pay 8% simple interest on each of them, from the date Mr C paid for them up until the date RSA makes payment.

## **Compensation**

This complaint has been dealt with by a representative throughout. And as Mr C is the policyholder, I can only consider the impact RSA's actions have had on Mr C himself rather than on his representative who isn't a beneficiary of the policy.

Having said this, from reading the claim correspondence and notes, I am persuaded that RSA has caused some significant delays throughout the claim. Including by failing to identify the cause of the subsidence earlier which has resulted in Mr C's representative having to arrange his own reports and repairs. This will have caused Mr C distress and inconvenience as the claim hasn't been moved forward as quickly as it should have, so repairs to his property have still not been completed. Due to this, I agree with our investigator's conclusion that £500 compensation is a fair amount in the circumstances up to RSA's final response letter in March 2022.

## **My final decision**

For the reasons I've given, I uphold Mr C's complaint. I require Royal & Sun Alliance Insurance Limited trading as RSA to:

- Reimburse Mr C for the amounts paid for the tree removal, roof report, roof repairs and the expert engineer report on receipt of evidence of the amounts paid.
- Pay 8% simple interest on each of these amounts from the date Mr C paid for them until the date RSA makes payment.
- Pay Mr C £500 compensation.
- Treat the current claim as a continuation of the original claim and don't charge an additional £1,000 excess. If Mr C has already paid this then he should be reimbursed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 March 2023.

Sophie Goodyear  
**Ombudsman**