

The complaint

Mr and Mrs O have complained about Royal & Sun Alliance Insurance Limited trading as RSA Insurance (RSA)'s decision to reject a claim they made for an escape of water and its failure to provide a proper explanation as to why.

What happened

In October 2021 Mr and Mrs O discovered a small gap in the shower sealant. A plumber attended and discovered water damage underneath the shower. Mr and Mrs O made a claim to their insurer RSA.

RSA instructed an assessor to inspect the damage to decide if their claim was one covered under the policy.

In November 2021 following the inspection, RSA said it wouldn't meet their claim. RSA said the damage had been caused by a gap in the sealant in the shower tray which led to water escaping over a prolonged period of time.

Mr and Mrs O asked RSA to explain why their claim wasn't covered under the policy but they didn't receive a satisfactory reply. In January 2022 they raised a complaint.

In September 2022 Mr and Mrs O asked us to look at their complaint as they said they hadn't received a response from RSA.

RSA provided a copy of its file to us - and this included a copy of a final response letter to Mr and Mrs O's complaint dated 17 June 2022.

Our Investigator thought RSA's decision to decline their claim was reasonable. But he thought RSA hadn't answered Mr and Mrs O's requests for further information between November 2021 and August 2022. Mr and Mrs O wrote to RSA after it issued its final response letter and it was clear from this correspondence they hadn't received the requested information from RSA about why it declined the claim.

The Investigator thought RSA's service to Mr and Mrs O had been unreasonable in failing to answer their requests for clarification around its decision until June 2022. For the distress and inconvenience caused by this, he recommended RSA pay Mr and Mrs O £200 compensation.

Mr and Mrs O accepted the Investigator's findings. They reiterated that they didn't receive the final response letter or replies to their calls and emails after this date. The Investigator provided them with a copy of RSA's final response letter.

RSA didn't agree. It said the assessor and its claims team explained why it declined the claim. It asked if we have evidence to show it didn't. It says Mr and Mrs O were aware of the outcome as this was what prompted them to raise a complaint.

As RSA didn't agree, the case has 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.

Insurers provide cover for specified events such as a flood, storm or fire. They don't provide cover for every eventuality.

The assessor who inspected the damage reported that the cause of damage was due to a failed sealant and grout. They reported that this had been ongoing for a long time and was causing the bathroom to begin to sink into the cellar below.

Photos show the joists underneath the bathroom to be rotted and a gap in the shower sealant which led to water leaking underneath the shower tray.

RSA's policy excludes damage where the cause is due to gradual deterioration or wear and tear. This isn't an unusual exclusion as I've seen it in most - if not all standard home insurance policies. So I think RSA's decision to decline the claim for an escape of water was fair.

Although RSA says the reason for declining the claim was explained to Mr and Mrs O - and its internal notes make reference to the exclusion for wear and tear - I cannot find any correspondence before its final response letter dated 17 June 2022 to support this.

It's clear from their emails and letters to RSA since November 2021 that Mr and Mrs O needed more information in order to understand its decision. I don't think this was unreasonable. But I think RSA took an unreasonable length of time to provide this information when it declined the claim in November 2021.

On 16 November 2021 Mr and Mrs O wrote:

"Would you please explain, in simple terms, the rationale for reaching this decision and why, specifically, the wording of our insurance policy fails to cover such a claim".

On 12 July 2022 they wrote in reference to calls with RSA:

"He (the assessor) told me that my claim had been refused but gave no reason. I thought he would then resend the email to enable me to understand the full details but, to date, nothing further has been received".

On 8 August 2022, they wrote:

"I still expected to receive (agent's name inserted here) letter confirming the decision that my claim had been refused and the reason why".

In its final response in June 2022, RSA told Mr and Mrs O why their claim was declined and made a reference to an exclusion under the policy for damage caused by rot. I don't know why Mr and Mrs O didn't receive RSA's final response letter - or a reply to their subsequent emails. But I think RSA should have provided a clearer explanation and referred to the policy wording exclusions at the point when it declined the claim - so that Mr and Mrs O could understand its decision. Mr and Mrs O say RSA's delay has in turn delayed their decision to arrange for the repairs to be carried out. For the distress and inconvenience caused by the length of time it took to respond, I think RSA should pay Mr and Mrs O £200 compensation. It's clear that the lack of explanation behind the decision and the time it took to provide one caused Mr and Mrs O to contact RSA several times over a seven month period without an adequate response. I think this caused unnecessary distress and inconvenience.

My final decision

For the reasons I've given above, my final decision is that I uphold this complaint in part. I require Royal & Sun Alliance Insurance Limited trading as RSA Insurance to pay Mr and Mrs O £200 compensation for the distress and inconvenience caused by its poor service.

Royal & Sun Alliance Insurance Limited trading as RSA must pay the compensation within 28 days of the date on which we tell it Mr and Mrs O accept my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year

If Royal & Sun Alliance Insurance Limited trading as RSA considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr and Mrs O how much it's taken off. It should also give Mr and Mrs O a tax deduction certificate if they asks for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O and Mrs O to accept or reject my decision before 14 February 2023.

Geraldine Newbold
Ombudsman