

## **The complaint**

Ms K complains about Royal & Sun Alliance Insurance Limited (RSA)'s handling of a claim on her home insurance.

RSA is the underwriter of this policy (the insurer). Part of this complaint concerns the actions of RSA's contractor. As RSA has accepted it is accountable for the actions of its contractor, any reference to RSA in my decision includes the actions of the contractor.

## **What happened**

Ms K had an RSA home insurance policy, bought through an intermediary. In August 2021, an escape of water from a neighbour's property caused a serious flood in her home. She made a claim to RSA under her insurance. RSA appointed a contractor who began repairs in late August 2021.

As part of the repairs, the contractor removed Ms K's bathroom floor. This caused two major problems:

1. This work exposed a drain cover, leading to a vermin infestation.
2. The work also damaged a gas pipe, causing a gas leak. This lasted several weeks before it was discovered and repaired.

This had serious consequences for Ms K. She said, in summary:

- She had to move into a hotel at night due to the infestation. She returned home each day to work.
- The bed in her hotel room caused her severe back pain, forcing her to move back home before the infestation was resolved.
- The gas leak put her life in danger.
- She was forced to move into a hotel once again, worsening her back pain.
- She was signed off work in November and December 2021, resulting in a significant loss of salary.
- RSA closed her claim in December 2021, before things had been put right.
- All this seriously damaged Ms K's physical and mental health.

During this time, RSA covered Ms K's hotel costs. It also upheld parts of her complaint. It said it didn't have evidence that its contractor was responsible for the gas leak but agreed to cover the cost of repairing this. It also paid Ms K £350 to apologise for its contractor's failures. In total this came to £1,960. However, RSA said it wouldn't cover Ms K's loss of earnings or compensate her for the physical pain she suffered following her hotel stay.

Ms K was unhappy with this and brought her complaint to this service. She didn't think the refund of her costs (the gas repairs) should be considered part of the overall compensation package. And she didn't think £350 adequately compensated her for the life-threatening situation she was put in, or the mental and physical pain she suffered throughout this experience.

Our investigator recommended that Ms K's complaint should be upheld. She acknowledged that this had been an incredibly distressing time for Ms K and was satisfied that both the gas leak and vermin infestation were most likely caused by RSA's contractor. She also recognised that the gas leak could have been catastrophic. She recommended that RSA pay Ms K an additional £750 to reflect the distress, upset, and serious disruption its contractors caused Ms K.

Ms K disagreed with our investigator, so the case was passed to me to make a final 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.

First, ombudsmen decisions are published so are written in a way that prevents the customer from being identified. The unique circumstances of Ms K are well known to both parties so I'm not going to set them out in any more detail here. If I'm vague about any of the circumstances here it's to keep Ms K from being identified, not because I've ignored them or think them irrelevant.

Second, this decision covers events to January 2022 only. This period covers the damage to Ms K's home in August and October 2021 and RSA's handling of this claim. I understand that there was another escape of water from her neighbour's flat in February 2022 which is the subject of a separate claim. If Ms K is unhappy with how RSA dealt with that claim, she can make another complaint to this service. While I'd understand if Ms K finds this frustrating, I'm unable to consider anything related to that second claim here.

Finally, Ms K has made several points about why she believes our investigator's recommendation is inadequate. For example, she says the compensation proposed doesn't come close to covering her loss of salary. I assure Ms K I've looked at everything she's said but I don't think I need to comment on each point to reach the right outcome. I've focused instead on what I think are the key issues.

### Cash settlement

RSA told us it paid Ms K £1,960 on 30 December 2021. It provided a screenshot from its system showing this payment. This mainly covered the cost of gas repairs but also included £350 to apologise for its contractor's failings. So the 'true' settlement cost for the gas repairs only was £1,610.

RSA also paid Ms K £162 in October 2021 for local pest control to visit Ms K's home and resolve the infestation. Correspondence between the parties also shows that RSA covered Ms K's accommodation costs for the period where she was forced to move into a hotel.

I've reviewed the invoices and other correspondence provided by both RSA and Ms K. Having done so, I'm satisfied RSA's payments cover the gas repairs and pest control costs.

### Compensation for distress

That leaves the issue of redress for the distress Ms K suffered because of RSA's contractor's work. This is the main element of Ms K's complaint. She told us RSA was *"negligent and as a result of their negligence, I have suffered physically, mentally and economically"*.

First, I think it's worth highlighting something that was evident to me from reading almost 200 pages of correspondence between Ms K and RSA. An internal note by RSA's claims handler on 21 October 2021 described Ms K as "*very reasonable throughout the process and has been helpful and understanding.*" I agree. I think Ms K was incredibly patient during a horrendous time. I also think the two RSA claims handlers who dealt with Ms K to January 2022 were kind and sympathetic to Ms K and recognised her distress. They responded promptly to her emails, kept her up-to-date with progress, and pushed its contractor for action. Overall, I think these two claims handlers were incredibly professional and it's clear from Ms K's emails during this time that she appreciated their work.

Having said that, I'm persuaded that RSA's contractor was most likely responsible for both the infestation and the gas leak. Ms K's evidence about the condition of her bathroom before and after they removed the floor (including photos of the exposed drain) is compelling, and the gas engineer's invoice says: "*It looks like this may have been caused by taking up the floor due to the [water] leak.*" RSA is responsible for its contractor's actions, so I think it's right that RSA compensate Ms K for this.

Ms K was signed off work by her doctor in November 2021 and then again in December 2021. She'd like RSA to compensate her for lost earnings. However, I don't think that would be fair.

Ms K reported the infestation to RSA on 6 October 2021. RSA acknowledged this the same day and emailed Ms K's local council on 8 October to confirm it would cover the cost of removal. I think this was a good example of prompt action by the claims handler. While pest control couldn't attend Ms K's home until 18 October, this was outside RSA's control.

Similarly, Ms K notified RSA about a gas smell on 12 October 2021. It agreed to cover the cost of an inspection the same day. When Ms K escalated this on 19 October – and a National Grid engineer attended and shut off the gas supply – RSA immediately agreed to cover the cost of repairs.

So I'm satisfied that RSA took swift action to fix both problems. I also think Ms K's correspondence shows that a significant amount of her distress was due to the ongoing impact of the flooding from her neighbour's property and her neighbour's failure to resolve this. I don't think RSA can be held liable for this.

I also agree with RSA that Ms K first said she'd reinjured her back in an email on 8 October 2021, several days before she first moved into the hotel. While I've no doubt the pain got worse while she was at the hotel – and, again, the email correspondence shows this – I don't think I can reasonably hold RSA liable for her injury.

For the reasons above, I don't think it would be fair for me to ask RSA to compensate Ms K for her loss of salary while she was signed off work in November/December 2021 or her physical pain.

I do agree, however, that the infestation and gas leak caused Ms K significant distress at an already stressful time. While RSA took quick action to fix them, these problems shouldn't have happened in the first place. I also agree with Ms K that RSA's email to her on 13 December 2021 closing her complaint was unfair. RSA acknowledged that this was confusing, but it's clear it caused Ms K additional upset.

Overall, I think RSA and its contractor caused Ms K substantial distress, upset, and worry. I've considered the level of awards this service makes in similar circumstances. Having done so, I agree with our investigator's recommendation to increase the amount RSA should pay Ms K by £750.

I understand how distressing this experience has been for Ms K. She has my sincere sympathies and best wishes. I also know that she'll be disappointed with my decision. But based on everything I've seen, I think the £1,110 total compensation proposed by our investigator – RSA's original £350 plus an extra £750 – is fair.

### **My final decision**

My final decision is that I uphold the complaint and order Royal & Sun Alliance Insurance Limited to pay Ms K £750.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 6 July 2023.

Simon Begley  
**Ombudsman**