

The complaint

Mr D and Mrs D have complained about how Royal & Sun Alliance Insurance Limited (RSA) dealt with a claim under their home insurance policy.

What happened

While Mr D and Mrs D were having work carried out on their roof, a storm happened. Water entered their home causing damage. Mr D and Mrs D raised the damage with the builders and the scaffolders who had been involved with the work on their roof. Mr D and Mrs D also contacted RSA to make a claim for the damage.

RSA initially declined the claim due to workmanship issues and an endorsement on the policy while works were taking place. However, it later reviewed the claim again and agreed to pay for some of the buildings-related damage and made a payment for this. It also agreed to review the contents damage, which it later offered a settlement for.

Mr D and Mrs D complained to RSA on a few occasions. RSA replied to each complaint. It accepted it hadn't made Mr D and Mrs D aware of an endorsement on their policy, so it wasn't fair to decline the claim on the basis of it. Mr D and Mrs D also complained that what RSA had described as an "*interim payment*" was the total amount it was offering for the buildings part of the claim. RSA accepted that some of its communication could have been clearer, including providing better information on the scope of the works and payments made. It also offered £50 compensation.

When Mr D and Mrs D complained to this service, our investigator upheld it. She said RSA hadn't made it clear that an interim payment was the full settlement for the buildings damage. She said the settlement offered by RSA was at the rate available to RSA, whereas it should have been based on the amount it would cost Mr D and Mrs D. She also said that although the claim had initially been declined because of an endorsement, RSA had later changed its position on this. She said RSA needed to cover a range of damage to the downstairs rooms in the property. Mr D and Mrs D also hadn't been offered alternative accommodation. Our investigator thought it was likely they wouldn't have been entitled to this anyway, but that it hadn't been discussed with Mr D and Mrs D. She said RSA should pay for the works at the cost to Mr D and Mrs D and pay interest on that amount. She also said RSA should pay £500 compensation due to the impact on Mr D and Mrs D of how their claim was dealt with.

Following some further discussion, RSA agreed with our investigator's findings. Mr D and Mrs D said they wanted more compensation. So, the complaint was referred to me.

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 uphold this complaint. I will explain why.

This has clearly been a lengthy and complicated claim, involving multiple parties including the builder and other third parties. There have also been issues such as an endorsement on the policy, which meant RSA initially declined the claim. But on review, RSA accepted that Mr D and Mrs D wouldn't have been aware of the endorsement and so it agreed to deal with the claim. It made a payment of £1,344 for part of the buildings damage and also offered a settlement for the contents damage.

This has been dealt with as a storm claim. It doesn't seem to be in dispute that there was a storm around the time of the damage. I also think a storm could cause the type of damage that happened to Mr D and Mrs D's home. As part of that I'm mindful there were roof works taking place at the time. However, RSA told Mr D and Mrs D it wouldn't apply the endorsements around the building works because RSA hadn't made them aware of it.

Following discussions with our investigator, RSA agreed to cover the claim for the internal damage. Having looked at what happened, I think that is fair, as the damage was separate to the roof works being carried out and seem to be consistent with the water damage described. For avoidance of doubt, the works are: the damage to the hallway, dining room and living room, which also seems to be "the snug". This includes the damage to the ceiling and painting and decorating, as well as the electrical work and the skip hire. RSA should settle this based on the costs to Mr D and Mrs D for having the works carried out. I've seen the invoices for this work and they've also been provided to RSA and, from what I can see, seem to be in line with the damage described. RSA should also pay interest on any cash settlement as Mr D and Mrs D lost use of that money.

I've also thought about compensation. I'm aware Mr D and Mrs D wanted more compensation than our investigator said RSA should pay because they said this didn't reflect the impact on them of what happened. So, I've thought about this. Mr D and Mrs D were paid what was described as an "*interim payment*" of £1,344. They weren't aware what this payment was for, that this was the total amount for the buildings part of the claim and that any further payments would relate to the contents only. RSA accepted it hadn't been clear on this. I think this also caused confusion and made it more difficult for Mr D and Mrs D to understand what aspects of the claim RSA was willing to deal with and that this was considerably less of the damage than Mr D and Mrs D had expected.

Mr D and Mrs D were also concerned about the conditions they were living in and thought they should have been offered alternative accommodation. Overall, I'm not persuaded Mr D and Mrs D should have been offered alternative accommodation, as they still had access to a range of facilities in their home including a kitchen and bathroom. But I still think RSA could have handled this aspect better. RSA seemed to be of the view that it was for Mr D and Mrs D to raise accommodation issues rather than RSA. However, I'm not sure that was entirely fair. I'm aware the claim was complicated by the claim initially being declined by RSA and that later being overturned for some of the damage. But RSA could have reviewed Mr D and Mrs D's living conditions and alternative accommodation, even if to explain why it wouldn't be provided.

Mr D and Mrs D were also concerned that they had to use savings that they had intended for another purpose in order to get the work done themselves. I'm aware Mr D and Mrs D also said Christmas was impacted, which is an important time of the year for them. However, I'm also mindful there were a number of issues, including the impact of the storm itself and the involvement of third parties, such as the builder, who weren't connected to RSA.

So, having thought about this carefully, I think RSA should pay £500 compensation. I'm aware this isn't the amount Mr D and Mrs D wanted. But I think this is a significant amount of compensation and in line with the amounts I would normally consider in these types of

circumstances. In my view, this is an appropriate amount for RSA to pay for the distress and impact caused to Mr D and Mrs D.

Putting things right

RSA should settle the claim for the damage to the living room, hallway and dining room, including the ceiling, decorating and electrical work and pay interest on that amount. It should also pay £500 compensation.

My final decision

For the reasons I have given, it is my final decision that this complaint is upheld. I require Royal & Sun Alliance Insurance Limited to:

- Settle the claim for the internal damage to the living room, hallway and dining room at the cost to Mr D and Mrs D.
- Pay 8% simple interest on that amount from the date the claim was first made to the date on which it makes the payment.
- If Royal & Sun Alliance Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from the interest, it should tell Mr D and Mrs D how much it's taken off. It should also give Mr D and Mrs D a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 28 March 2023.

Louise O'Sullivan
Ombudsman