

The complaint

Mr and Ms C complain about the way Royal & Sun Alliance Insurance Limited ("RSA") has handled a claim under their legal expenses insurance policy.

Where I refer to RSA, this includes its agents and claims handlers for which it takes responsibility.

What happened

The detailed background of this complaint is well known to both parties, so I will only provide a summary of the key events here.

On 18 March 2022, Mr and Ms C made a claim on their policy for the legal costs to pursue their neighbours for trespass. It took RSA until 25 April 2022 to complete their policy validation process.

RSA says the delay was down to the broker who failed to provide the requested policy information. But it acknowledges that it could've done more to chase a response. It also accepts that Mr and Ms C's email went unanswered during this time, and they were left not knowing what was happening with their claim.

Mr and Ms C say they had no choice but to instruct their solicitors to deal with their claim as they didn't know what was happening with the insurance cover. They incurred £1,812 in legal costs and disbursements.

To put things right, RSA has agreed to pay £2,000 towards the legal costs which were incurred during that time. It also offered £75 compensation in recognition of the stress and inconvenienced Mr and Ms C experienced as a result of the lack of communication.

As Mr and Ms C remained unhappy, they brought their complaint to our service. And our Investigator increased the compensation to £150 which she considered to be a fair resolution in the circumstances. But Mr and Ms C didn't agree, so the complaint has been passed to me for 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.

It's not in dispute that there have been some failings in RSA's customer service. It accepts that it didn't proactively chase Mr and Ms C's broker or keep them updated on the progress. So I don't need to make a finding on whether or not it did something wrong here – it did. What I need to decide is whether it's done enough to put things right.

To do so, I've looked at the impact these failings have had on Mr and Ms C. I'm satisfied they would've experienced some distress and inconvenience as a result of not being kept

informed about what was happening with their claim over a period of approximately five weeks. And for this, I think they should be compensated.

Taking into account the circumstances of the complaint and the length of time they were without an update, I'm satisfied £150 is fair compensation for the impact RSA's actions have had on Mr and Ms C. I appreciate they don't agree, but compensation isn't intended to fine or punish RSA for wrongdoing, nor is it to compensate for the delays caused by the broker or by having to bring the claim itself. It's to recognise the impact experienced which, from what I've seen, is limited to some distress and inconvenience of having to chase for updates.

I understand Mr and Ms C felt they had no option but to instruct their own solicitors to deal with the claim in the absence of a response on their claim. Whilst I appreciate they were left in the dark about the policy cover for a few weeks, I haven't seen anything to suggest that there were imminent legal deadlines that needed to be met which meant they were unable to wait for RSA.

In any event, RSA has agreed to pay £2,000 towards the legal costs – which covers the amount Mr and Ms C incurred during that time based on the figures they gave our service. So they're not out of pocket and I'm not aware of any other financial loss as a result of the delays.

My final decision

Royal & Sun Alliance Insurance Limited has already made an offer to pay £2,000 towards legal costs and has agreed to £150 compensation to settle the complaint and I think this resolution is fair in all the circumstances.

So my decision is that Royal & Sun Alliance Insurance Limited should pay £2,150 in total to Mr and Ms C. It should make payment within 28 days of Mr and Ms C's acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Ms C to accept or reject my decision before 23 March 2023.

Sheryl Sibley
Ombudsman