

The complaint

Mrs J complained that part of her claim wasn't covered under her home insurance / home emergency policy with Royal & Sun Alliance Insurance Limited ("RSA").

What happened

Your text here

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.

Mrs J noticed a leak in her property, so she made a claim under her policy. RSA arranged for a plumber to attend to fix the leak. However, after two visits, the plumber informed Mrs J that the leak couldn't be fixed as the leak couldn't be accessed (the leak was on a water pipe that ran within the wall).

The claim for repairing the leak was made through the home emergency section of her policy. RSA advised Mrs J she would have to claim on the buildings section of her policy to claim for the costs of the trace and access (i.e., for tracing where the leak was coming from and repairing any damage caused by that work).

In the end, Mrs J decided to hire her own contractor who found the leak and repaired it. She thinks all the work should've been covered under the home emergency section of her policy, which covered costs up to £1,500 and didn't require Mrs J to pay any excess. In its final response, RSA said Mrs J can still make a claim for the damage caused by the trace and access but said this would be subject to an excess payment under the terms and conditions of the policy.

Our investigator decided to uphold the complaint. He didn't think the home emergency section of the policy stated that trace and access costs were excluded from this part of the policy, so he decided that RSA should reimburse the costs Mrs J has incurred for trace and access works and repairing the leak. RSA disagreed, so the case has been referred to an ombudsman.

My provisional decision

I issued a provisional decision on this on 9 March 2023. I said:

"I can see there hasn't been a dispute over whether there was an insured event. I think it's clear RSA has accepted there was an escape of water. So, I haven't felt the need to consider this.

Mrs J wants RSA to reimburse the costs she's incurred, and she doesn't want to pay an excess. So, I have looked to see if this is a reasonable request based on what the terms and conditions allow.

I have considered the home emergency section of the policy. I can see the policy is clear in that it states: "we will pay the cost of the repair, parts and call-out charges for work undertaken...by a tradesperson authorised by us to carry out temporary or permanent repairs".

So, it's clear the repair is covered. However, I can see this section of the policy is silent in terms of trace and access cover. If this was a standalone home emergency policy then I would argue that the trace and access costs should be covered as they haven't been excluded – and this work was required to fix the leak (which Mrs J was covered for under her policy). However, this isn't a standalone home emergency policy – it was purchased along with a wider home insurance policy. So, I think it's important to consider the policy holistically (i.e., all sections of the policy).

It's not unusual for the insurance industry for trace and access costs to be covered under the buildings section of policies. I have further reviewed Mrs J's policy and in the buildings section there is a specific inclusion in respect to trace and access. It states, "we will pay the cost of removing and replacing any part of the buildings necessary to repair a household heating or water system that has caused an escape of water or oil". In essence, this is the work Mrs J had done.

Therefore, whilst I think the emergency section of the policy might've been clearer. I think when looking at the whole policy holistically, it becomes clear that any trace and access work is specifically covered in the buildings section of the policy.

Therefore, I think if RSA had authorised the work / completed it themselves then the repair and the trace and access work would be covered by the policy – albeit the policy excesses would apply. So, in line with what the policy schedule sets out, the repair shouldn't require Mrs J to pay an excess. But the trace and access works would require a £350 excess to be paid – as this is what is set out in the policy schedule.

I don't think RSA did authorise the work to take place. However, I don't think RSA has handled this claim as well as it should. As insurer of all parts of the policy, I think it should've provided a better service to Mrs J. I think it should've taken responsibility for arranging the trace and access works, having known this was required from what its appointed plumber had reported. This would've saved Mrs J feeling obliged to appoint her own contractor. Therefore, I intend to uphold this complaint.

I think RSA should reimburse the costs Mrs J has incurred for the trace and access work and the repair – this is once Mrs J has submitted valid receipts. However, I do think the reimbursement should be reduced to reflect the excess payment Mrs J would've incurred had the policy operated properly. I think this is fair. As Mrs J has been without this money, I intend for RSA to add 8% simple interest to the net payment (from the date Mrs J made the initial payment to the date RSA reimburse Mrs J).

I do think this claim has been more troublesome for Mrs J than it should've been. As claims experts, I think RSA should've done more to lead Mrs J through the process. She's had to find her own contractor and the experience appears to have caused some distress for Mrs J. Therefore, I intend to award £200 compensation for the distress and inconvenience caused".

Responses to my provisional decision

Mrs J accepted my provisional decision and didn't have anything more to add.

RSA didn't reply to my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require Royal & Sun Alliance Insurance Limited to:

- Reimburse the costs Mrs J has incurred for the trace and access work and the repair (on submission of valid receipts), less excess
- Add 8% simple interest to the net payment (from the date Mrs J made the initial payment to the date RSA reimburse Mrs J)
- Pay Mrs J £200 compensation – for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 24 April 2023.

Pete Averill
Ombudsman