

The complaint

Miss P is unhappy with the way Royal & Sun Alliance Insurance Limited (RSA) handled her claim following an escape of water.

What happened

Miss P had buildings and contents insurance with RSA. Following an escape of water from an appliance in her kitchen, she claimed under both parts of the policy. The buildings claim was settled. However, Miss P was unhappy with the way RSA dealt with her contents claim, so she complained.

The details of the complaint are well known to both parties, so I won't repeat them here. Instead, I'll focus on giving the reasons for my 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.

Having done so, I've decided to uphold Miss P's complaint, but I won't be asking RSA to do any more than our investigator proposed. I'll explain.

On review of Miss P's complaint, our investigator made the following recommendations:

- RSA should replace the affected carpet in Miss P's home or cash settle in line with the policy.
- RSA should arrange for its contractors to redecorate the affected areas of Miss P's home.
- Check that Miss P hasn't paid her policy excess twice.
- Review the damage to Miss P's bin and dishwasher.
- Pay £150 compensation in addition to that already paid, bringing the total amount to £550.

Miss P accepted in principle, but she said she had yet to see that RSA was dealing with her carpets and redecoration. She was still considering taking the cash settlement option because she'd lost faith in RSA's contractors, but she remained unhappy with the difference between her quotes and RSA's cash settlement offer. Miss P didn't think the proposed £150 compensation was sufficient given the length of time the claim had been ongoing.

For clarity, our service can't require RSA to complete the proposed actions unless Miss P accepts the resolution. So, at this point, I wouldn't necessarily expect RSA to have done any more regarding the carpets and redecoration. As Miss P accepts this in principle, I won't comment further on this point.

Cash settlement

I understand Miss P is still considering the cash settlement option, but she remains unhappy with the amount.

The terms of the policy are as follows:

How we settle claims for Contents, Personal Possessions and Garden Options Where the damage can be economically repaired, we will pay the cost of repair. Where the damage cannot be economically repaired and the damaged or lost item can be replaced, we will replace it. If a replacement is not available we will replace it with an item of similar quality. Where we are unable economically to repair or to replace an item with an item of similar quality, we will agree a cash payment with you based on the replacement value. Where we can offer repair or replacement through a preferred supplier, but instead you request and we agree to pay a cash settlement, then the amount will not normally exceed what we would have paid our preferred supplier.

Based on the policy wording, I'm satisfied that RSA was entitled to offer a cash settlement equal to what it would've cost to do the work using its own suppliers.

I accept that RSA didn't handle this part of Miss P's claim well. It asked her to get quotes for the work, which she did. Then it arranged to review the scope of works using its own contractor. But the mistake RSA made here doesn't mean that the policy terms don't apply. I can understand that Miss P would've been inconvenienced by this sequence of events, particularly as it caused avoidable delays. But this is what the compensation is to address. Therefore, I'm satisfied that if Miss P prefers to accept the cash settlement, RSA need only pay what it would've cost using its own contractors.

Compensation

Miss P doesn't think £150 is sufficient given the delays and mistakes made.

RSA has already offered Miss P £400 in recognition of the inconvenience and distress caused by the avoidable delays and mistakes made. On considering the evidence, I note that RSA wasn't responsible for all delays. Although the claim was ongoing for almost two years, I can see that some of the delays were due to requests Miss P made or waiting for her decision on matters about her claim. There's nothing wrong with Miss P taking this time, but I can't expect RSA to pay further compensation for delays which were outside of its control. Therefore, I've not taken any of those unavoidable delays into consideration when deciding on the compensation.

Having thought carefully about the compensation, I'm satisfied that £150, in addition to the £400 RSA already offered, is fair and reasonable for the avoidable delays and mistakes made during the process of assessing repair costs.

As Miss P and RSA accepted the proposals regarding the policy excess, the bin and the dishwasher, I won't go into detail about those matters here.

Overall, the evidence confirms that RSA fell short of the standard Miss P could reasonably have expected when she made her claim for damaged contents under her policy. RSA has gone some way to resolving matters, but it's my view that further action is needed. In light of the evidence, I'm satisfied that the recommendations our investigator made are fair and reasonable and RSA should settle Miss P's claim as set out below.

My final decision

For the reasons given above, my final decision is that I uphold the complaint and Royal & Sun Alliance Insurance Limited must:

- replace the affected carpet in Miss P's home or cash settle in line with the policy;
- arrange for its contractors to redecorate the affected areas of Miss P's home;
- check that Miss P hasn't paid her policy excess twice;
- review the damage to Miss P's bin and dishwasher, and
- pay £150 compensation in addition to that already paid, bringing the total amount to £550.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 23 June 2023.

Debra Vaughan
Ombudsman