

The complaint

Mr R is unhappy with Royal & Sun Alliance Insurance Limited's (RSA) settlement of his claim and the length of time it took to receive payment.

What happened

Mr R claimed on his home insurance policy following an escape of water in his home. He was unhappy with the settlement figure. He complained to RSA.

RSA issued two final response letters. They explained they'd adjusted the value of Mr R's contents cover following discussions with his broker about him being underinsured. They also apologised and offered £75 for delay and service failings Mr R experienced. Unhappy with the response Mr R complained to the Financial Ombudsman Service.

Our investigator upheld Mr R's complaint and recommended the compensation was increased to £300. She also thought RSA should recalculate the claim settlement as Mr R's costs had increased due to the delay in the claim being settled.

RSA asked an ombudsman to review the complaint. They said Mr R had several opportunities to complete a document (the 'VAR') which assessed the value of the contents and this had caused delays. They also said that Mr R hadn't mentioned that the situation was impacting his child's health to the loss adjuster which was why it hadn't been prioritised. So, I need to make a 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.

The relevant rules and industry guidelines say RSA has a responsibility to handle claims promptly and fairly.

I'm upholding Mr R's complaint because:

- I think it was reasonable for RSA to apply an adjustment to the settlement due to underinsurance. The loss adjuster valued the contents at a higher value than Mr R. Mr R ultimately accepted that figure and it seems a reasonable figure based on the available evidence. RSA's actions are also in line with the policy terms and conditions.
- RSA has attributed some of the delay to Mr R not filling out the VAR. That's not reflected in the claims handling notes. It's also not recorded in the loss adjuster's report. If there was a significant delay caused by Mr R not providing information, then I'd have expected RSA to have clearly explained that to him. I'd also expect to see that clearly documented in the claims handling notes.
- Mr R made RSA aware that his son had to go to hospital and that this had been

linked by the doctor to the ongoing damp in the property. It was for RSA to ensure that this information was passed on to the relevant parties. I don't think it's reasonable to expect Mr R to have to relay that information to the various other parties involved.

- I think there were avoidable delays in progressing the claim, in part because there wasn't clear communication with Mr R. I think that if there had been clearer communication it's most likely the claim would have progressed more quickly.
- As a result of the delays Mr R's repair costs went up because the price of various items had increased. I don't think it's fair that Mr R has to cover those additional costs. So, I think it's fair and reasonable for RSA to recalculate the settlement to reflect the updated invoices.
- I think £300 more fairly reflects the distress and inconvenience caused to Mr R by delays and poor service. That includes poor service such as delays in progressing the claim, not passing on important information to the loss adjusters and not explaining to Mr R what he needed to do to move the claim forward.

Putting things right

I'm directing RSA to put things right by:

- Recalculating the claim settlement, taking into account the updated invoices and paying Mr R the difference. RSA are entitled to re-calculate the underinsurance amount and deduct this from any further settlement made.
- Paying Mr R a total of £300 (inclusive of the £75 originally offered) to reflect the distress and inconvenience caused by the distress and inconvenience of poor customer service and delays which led to it taking longer for the repairs to be completed than was necessary.

My final decision

I'm upholding Mr R's complaint in part and direct Royal & Sun Alliance Insurance Limited to put things right in the way I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 15 August 2023.

Anna Wilshaw
Ombudsman