

The complaint

Mr G and Mrs G complain that Royal Sun Alliance Insurance Limited (RSA) have delayed in dealing with the claim for damage due to an escape of water, haven't paid the full costs they have incurred and wouldn't extend the storage period for their furniture.

What happened

Mr G and Mrs G hold a joint buildings insurance policy with RSA. When dealing with this claim, they appointed a loss assessor to act on their behalf.

On 8 September 2020 they had a leak in a water pipe that was in the screed under the utility room. They reported it to RSA. The source of the leak wasn't located until 26 November 2020.

RSA's loss adjusters appointed a contractor who visited on 17 February 2021 and completed a scope of works. A further inspection was undertaken on 28 April 2021 and a further scope of works was prepared.

RSA's contractors started strip out work in June 2021. This wasn't all completed in accordance with the scope of works, with wallpaper in the hall not being removed and wooden floor in the dining room being left in place. In July RSA's loss adjuster revisited the property and agreed that the wood floor needed lifting so it could be dried in accordance with the scope of works.

The drying out works were signed off as complete on 10 September but on 28 September the contractors attended the property and high moisture readings were discovered in the hall walls where the wallpaper hadn't been removed.

RSA said that this was as a result of a new leak or rising damp, not the original leak, and so wouldn't cover further work. Mr G and Mrs G obtained reports from a leak detection expert and a drain report, which found that there was a leak in some pipework in the downstairs WC, which was attributed to the strip out works, but otherwise there were no new issues. They also later obtained a damp report which found no rising damp.

In September Mr G and Mrs G's loss assessor made a complaint to RSA about delay and were paid £150 compensation for failures in service in not removing the wood floor sooner. RSA made a settlement offer in October 2021 but Mr and Mrs G's loss assessor disagreed with the offer and raised further challenges, and so the settlement wasn't accepted.

Following further correspondence back and forth, a second complaint was made on 20 March raising issues about delays and RSA not completing adequate strip out works. Mr G and Mrs G asked for reimbursement for the leak damp and drain reports that they had done to show that there was no rising damp in their property, the costs of their repairs to be paid in accordance with the scope prepared by their own loss assessor, and the continuation of storage costs.

RSA sent their final response on 27 May but didn't uphold the complaint.

Mr G and Mrs G were unhappy with this response and so they brought their complaint to us.

One of our investigators looked into Mr G and Mrs G's complaint and she thought that RSA had made a fair offer.

Mr G and Mrs G disagreed with our investigators view, and so the case came to me to review.

I issued a provisional decision on the complaint. My provisional findings were as follows:

The delay in processing the claim/ inadequate strip out works

I can see that this claim has taken a long time to be resolved, and it has been the subject of a lot of correspondence back and forth between RSA and Mr G and Mrs G's loss assessor. RSA say that there are challenges with a claim of this nature, and some delays are inevitable. Whilst I accept this, and I can see that in general there is gradual movement, it appears that there are some actions on both sides that have caused further delay. Mr G and Mrs G's loss adjuster complained about delay previously and on 18 September 2021 Mr G and Mrs G were awarded £150 compensation for delay in the lifting of the wooden dining room floor. The complaints handler couldn't find any other avoidable delay up until that point. As Mr G and Mrs G didn't refer this complaint to us, I now can't consider any complaint about delays that took place prior to this date.

A settlement offer was made by RSA in October 2021 based on the agreed scope of works, and Mr G and Mrs G were given the option of either having the works completed by RSA or accepting the cash offer.

However, following that I can see that Mr G and Mrs G's loss assessor raised various disputes about the scope, and that her own quote for the same work was higher, reflecting higher labour costs in some areas. I'm not satisfied that these queries and disputes added any value to the settlement of the claim, and I think that Mr G and Mrs G could have given RSA an answer about whether to accept the figure or use RSA's contractors in October 2021. That would have avoided any further delay and brought the matter to conclusion. So I'm not satisfied that the further delays after October 2021 can be attributed to RSA.

I do note that the failure to remove the wallpaper in accordance with the scope of works caused some of the difficulties later on down the line, with Mr G and Mrs G's loss assessor arguing that the continuing damp arose from the failure of the contractors to strip the wallpaper in the hall. However, this hasn't been proven and I can't say that this issue in itself caused significant delays to the claim being resolved.

The drain and damp reports

Although drying was completed on 10 September, a further loss adjuster visited on 28 September, and found high moisture readings in the hall. He notified RSA on 4 October. RSA suggesting that this was a further leak or a rising damp issue although there was no evidence of either at that point.

Mr G and Mrs G felt they were therefore forced to obtain further reports from a leak detection expert, a drain expert, and a damp expert to determine if this was the case. These reports confirmed that there was no further leak or drain issue but they did attribute some damp to damage to the piping in the downstairs toilet which it was said was as a result of the strip out work.

Mr G and Mrs G asked for reimbursement of the cost of these reports in December, but RSA's loss adjuster said he wasn't willing to meet the cost because the issue was unrelated and likely rising damp.

RSA's contractors came out again on 1 February to take further moisture readings and found high moisture which they again said was due to rising damp. As a result Mr G and Mrs G then engaged a damp specialist to prepare a report. In that report, the damp expert concluded that "It is not possible for these walls to suffer from conventional rising dampness due to the construction of this property being built off a 3ft concrete slab and walls having a physical damp proof membrane." They further said that the salt contamination was giving false high readings, and that they recommended that all affected walls were treated with a silicone sealer to prevent further "salt precipitation".

Having seen these reports, and considered RSA's actions, I'm satisfied that Mr G and Mrs G acted reasonably in obtaining the reports. RSA were attributing the ongoing moisture readings to rising damp and or further leaks without providing any supporting evidence. It would obviously have been of concern to Mr G and Mrs G to find there might be further leaks or faults with their property, and so there would be no point in having reinstatement work done if there was another underlying issue that required resolving. So, I think these costs were reasonably incurred by them in trying to establish the cause before reinstatement work was done. I'm satisfied on the basis of the reports that there was no further leak, nor rising damp, but had RSA not inaccurately suggested that rising damp was the cause, then these reports wouldn't have been commissioned, and I think RSA should therefore meet the cost of these reports as part and parcel of the assessment of the claim.

The settlement offer

A settlement offer was made by RSA in October 2021 based on the agreed scope of works, and Mr G and Mrs G were given the option of either having the works completed by RSA or accepting the cash offer.

As I've said above, that I can see that Mr G and Mrs G's loss assessor raised various disputes about the scope, based on her own quote to complete the work which included higher labour costs in some areas.

The terms of the policy only require RSA to pay a settlement figure equivalent to the cost of them completing the works using their own contractors. They have shown that they could have completed the reinstatement work within the stated figure, and as such, I'm satisfied that this figure was therefore reasonable.

I note that in the end it was uplifted by 25% to reflect the rising costs in the building trade, and was paid over to Mr G and Mrs G on 22 August 2022, and so I'm not proposing to increase the settlement offer.

Storage costs

RSA ended the storage costs at the end of February. Mr G and Mrs G wanted them extended because the work hadn't been completed and they didn't want their items back until the work was completed.

However, as the settlement offer was made in October, I'm satisfied that there was sufficient time for the work to be completed before the cut-off date at the end of February and so I don't agree that it is fair for RSA to pay storage costs indefinitely while the loss assessor challenges them about issues and disputes the settlement figure.

In the light of these findings, I therefore intended to uphold Mr G and Mrs G's complaint, and I invited the parties to comment.

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.

Both RSA and Mr G and Mrs G have responded.

RSA don't think that they should have to pay for the reports as they say they aren't peril related. They said that their contractor had looked at the damp issue and concluded that it was due to an underlying problem or rising damp – and so they shouldn't have to pay for the reports. I disagree. I don't think that RSA's contractor undertook sufficient investigations to establish the cause of the damp patches, and given the failure to remove the wallpaper in line with the scope, it was very likely that they were at least contributed to by that.

It was proven by the reports that there was no rising damp or further leaks as suggested by RSA, and so it seems to me that establishing the cause was part and parcel of the investigations that RSA should have been undertaking themselves. It therefore seems to me that it is fair and reasonable for RSA to reimburse Mr and Mrs G for these reports as it was due to RSA's inaccurate assessment of the damp that the expense was incurred. It is also of note that the drain report attributed some of the damp to RSA's contractor's failure to cap a pipe during the strip out works.

Mr G and Mrs G think that RSA should pay more compensation for the delays. I can't agree that this is the case. I note Mr G and Mrs G's points, but I have considered the overall global delay in this case, and the majority of it was due to Mr G and Mrs G's loss assessor, not RSA, and so I'm satisfied that no additional compensation is due.

In light of the above, I'm making my final decision in line with my provisional findings.

Putting things right

In order to put things right I think that RSA should pay Mr G and Mrs G:

- £768 in respect of the leak, drain and damp reports they obtained
- 8% statutory interest on that sum from the date the invoices were paid to the date of settlement. If RSA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr G and Mrs G how much it's taken off. It should also give Mr G and Mrs G a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I'm upholding Mr G and Mrs G's complaint and direct Royal & Sun Alliance Insurance Limited to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 27 July 2023.

Joanne Ward

Ombudsman