

The complaint

Mr and Mrs K complain about how Royal & Sun Alliance Insurance Limited (RSA) has handled a claim on their home insurance policy.

What happened

In October 2019, Mr and Mrs K reported a leak in their property. RSA inspected it and declined the claim as it thought it related to poor maintenance of the flat roof. Mr and Mrs K reported a similar claim in December 2020 which was also declined for similar reasons and then again in April 2021. In the latest claim Mr and Mrs K requested for a trace and access to be completed as they thought the leak was coming from the bathroom. RSA reviewed the claim and accepted it in April 2021 as it agreed the leak was coming from the bathroom.

While the claim was investigated Mr and Mrs K weren't happy with how it was progressing and complained. RSA issued a final response letter on 17 June 2021 where it partially upheld the complaint and paid £100 compensation for poor claim handling. RSA then closed the claim as it didn't hear back from Mr and Mrs K.

In February 2022, Mr and Mrs K contacted RSA and explained they hadn't responded sooner due to unfortunate personal reasons. Due to the length of time it would have taken RSA to start the repair works Mr and Mrs K had requested a cash in lieu settlement. RSA had offered around £4,500 to cash settle the claim which Mr and Mrs K said wasn't enough. Mr and Mrs K and RSA had lengthy discussions over the next few months about how much RSA would pay to settle the claim. As an agreement couldn't be reached Mr and Mrs K complained again. RSA issued its second final response on 7 September 2022. In this final response it said after re-scoping of the work RSA was now offering £14,887.65 plus VAT. Mr and Mrs K had said this wasn't enough as it didn't take into account the marble tiles and expensive wallpaper they had. In the final response letter RSA said it would be willing to take into account additional costs for those items if Mr and Mrs K provided the original purchase invoice or something similar. RSA also said it would provide alternative accommodation when the works were due to start and so hadn't included a figure for this but would consider accommodation options Mr and Mrs K put forward. It also acknowledged there were delays in handling the claim and awarded another £100 compensation. Unhappy with RSA's response, Mr and Mrs K referred their complaint here in March 2023.

Our investigator looked into Mr and Mrs K's complaint and said that we were only able to consider the complaint about what happened between 17 June 2021 and 7 September 2022. This was because Mr and Mrs K hadn't referred their complaint about what was addressed in the first final response within 6 months of it being issued. When our Investigator looked into Mr and Mrs K's complaint about RSA's claim handling, she thought the £100 compensation was sufficient for the delays as not all of the delays were RSA's fault.

Mr and Mrs K didn't agree, they said there had been six visits to scope the works needed and didn't think RSA's offer was enough to repair the damage. After our Investigator issued their assessment on the complaint Mr and Mrs K agreed to have the scope of works reassessed again which RSA said it would do. However, Mr and Mrs K asked for an Ombudsman's decision as they didn't think RSA had done enough to put things right.

I issued a provisional decision on this complaint on 14 July 2023 where I said:

“As our Investigator explained I’m only able to consider what happened between 17 June 2021 and 7 September 2022. I can see in RSA’s final response letter its cash in lieu offer was around £15,000 plus VAT. Mr and Mrs K have said it will cost around £35,000 to settle their claim, this includes alternative accommodation which isn’t included in RSA’s offer.

The terms of Mr and Mrs K’s policy say for buildings claims:

“We will pay for the cost of work carried out in repairing or replacing the damaged parts of your buildings and agreed fees and related costs. The amount we will pay where repairs are carried out will not exceed the lesser of:

- the cost of the work had it been completed by our nominated contractor,
- the cost of the work based upon the most competitive estimate or tender from your nominated contractors.”

RSA has said it would cost its contractors £14,887.65 plus VAT to repair the damage. This figure doesn’t include costs for alternative accommodation while the work is completed or for increased costs due to Mr and Mrs K having marble tiles and expensive wallpaper.

It doesn’t seem to be in dispute that Mr and Mrs K have marble tiles and expensive wallpaper. However, RSA has relied on a term which says:

“We may ask for additional information, depending upon circumstances and value, which may include the following:

- original purchase receipts, invoices, instruction booklets or photographs, bank or credit card statements, utility bills, pre-purchase surveys, or plans or deeds of your property,”

I think it’s fair and reasonable for RSA to request information to help it validate claims and ensure it pays the correct amount. However, I’m not persuaded it’s applying this term fairly in this case. I say this because it’s not disputed that Mr and Mrs K have marble tiles and expensive wallpaper. And as RSA has assessed the claim it’s been able to see the items and therefore should be able to price for equivalent replacement items. Therefore, I intend to direct RSA to revise its scope of works to include the marble tiles and expensive wallpaper without the need for Mr and Mrs K to provide the original invoices.

I’m aware that RSA has recently said it is reviewing the scope of works again, and as I’m directing them to include these items, once that’s done if Mr and Mrs K don’t think that’s enough to settle their claim then that would need to be raised as a new complaint.

I’ve also considered Mr and Mrs K’s comments that they have been forced to take a cash in lieu settlement and therefore feel RSA should pay what their contractors have quoted. I’m not persuaded that is a fair and reasonable outcome here. I say this because RSA said its contractors could start work in around 60 days, but it could be longer. So, while I understand this was too long for Mr and Mrs K, when I take into account how long this claim has been ongoing for, I’m not persuaded this is an unreasonable time frame for RSA to appoint its own contractors. It follows I’m satisfied it’s fair and reasonable for RSA to pay a cash in lieu settlement equivalent to what it would cost to have RSA’s contractors complete the work, in line with the policy terms.

In regard to the alternative accommodation, it's agreed this would need to be provided while the work is completed. RSA has said it will arrange this for when the work is due to start, it's also said it would consider reasonable quotes provided by Mr and Mrs K if they wish to provide them. I'm satisfied this is a fair and reasonable outcome and in line with the policy terms.

The final point I've considered is the length of time the claim has been taking. As mentioned before, I'm only considering the claim between 17 June 2021 and 7 September 2022. When considering what has happened during this time. RSA has re-scoped the works and offered a cash in lieu settlement which doesn't accurately reflect the standard Mr and Mrs K's home was finished to, in particular the marble tiles and wallpaper. I think this would be distressing and also inconvenient to have the scope of works re-done again because of this. Therefore, to compensate them for this RSA should pay Mr and Mrs K a total of £500 for the unnecessary distress and inconvenience it caused by not including like for like items and delaying the claim. This figure includes the £100 already offered in the final response dated 7 September 2022."

RSA didn't provide any further comments to my provisional decision. Mr and Mrs K provided a detailed response. In summary they said some of the delay in contacting RSA was down to issues with obtaining quotes from contractors during Covid and this delay would have been avoided if RSA had confirmed their contractors could commence work within 60 days. They also said if they'd know this issue would have dragged on for so long then they would have considered the 60 day time frame accordingly. Mr and Mrs K also said RSA has been messing them around for years with this claim and no consideration has been given for what happened outside of the timeframe this service is able to consider and said they don't think £500 compensation is enough. They also said RSA's offer of around £15,000 doesn't include alternative accommodation, the marble tiles and expensive wallpaper or removal and storage of belongings.

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.

I've considered Mr and Mrs K's response and I would like to assure them I've considered what they said carefully, but I'm not persuaded to depart from the findings in my provisional decision.

I say this because while I understand there were delays in Mr and Mrs K obtaining quotes, I'm not persuaded RSA did anything wrong in relation to how long it said it would take to appoint its own contractors. I also understand Mr and Mrs K's claim has been going on for a long time, but in this decision I'm only able to consider what happened between the dates quoted above, for the reasons given. I'm therefore not going to depart from the findings made in my provisional decision.

In regard to the amount being offered to settle the claim, as explained in my provisional decision, as this is being re-assessed if Mr and Mrs K are unhappy with the amount offered then that will need to be raised as a separate complaint. I've also considered Mr and Mrs K's comments about the amount of distress and inconvenience I intended to award in my provisional decision. I've considered their comments and understood the frustration given how long this claim has been ongoing for. However, as I can only consider what happened between 17 June 2021 and 7 September 2022, for the reasons explained in my provisional decision I'm satisfied £500 is fair and reasonable compensation for the distress and inconvenience caused during that time. I therefore won't be telling RSA to pay any more.

My final decision

For the reasons explained above and in my provisional decision, my final decision is that I uphold this complaint. I require Royal & Sun Alliance Insurance Limited to revise the amount offered to settle Mr and Mrs K's claim to include the marble tiles and expensive wallpaper, without the need to provide the invoices from when they were purchased. It should also pay Mr and Mrs K £500 for the unnecessary distress and inconvenience it caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs K to accept or reject my decision before 7 September 2023.

Alex Newman
Ombudsman