

The complaint

Mr and Mrs S complain about the way Royal & Sun Alliance Insurance Limited (RSA) has handled a claim under their home insurance policy.

Mr and Mrs S are being represented on this complaint. For ease of reading, I'm going to refer to Mr S throughout my decision, but any reference to him also includes the comments of his representative. Likewise, any reference to RSA includes the actions of its agents.

What happened

The circumstances of this complaint are well known to both parties and aren't in dispute. So, I've summarised events.

- Mr S has a home insurance policy which is underwritten by RSA. In January 2019, he sought to make a claim under the policy having noticed cracks in his property's walls.
- RSA accepted the claim. It identified that a water pipe, owned by the local water board, had been damaged which had caused an escape of water. The drain was repaired, and RSA monitored Mr S' property for movement.
- In October 2019, RSA provided a schedule of work for repairs to the property. But Mr S says the claim didn't progress after this.
- In March 2020, the claim was paused because of Covid-19 restrictions. Around this time, RSA offered Mr S a cash settlement as he was concerned about having contractors in his home at the time.
- A settlement figure couldn't be agreed between the parties and in August 2020, Mr S raised concerns with RSA about further movement to his property. RSA agreed to carry out further monitoring.
- In April 2021, RSA discussed the possibility of alternative accommodation with Mr S, saying the repairs would likely take between four to six weeks. But that before these could start, it needed the results of tests for possible asbestos.
- Unhappy with the lack of progress and the scope of works, Mr S, appointed a loss assessor, 'L', in October 2021, to manage the claim on his behalf.
- L challenged the scope of works and asked for further investigations to be carried out to the dining room's sub-floor.
- From October 2021 to September 2022, L highlighted that various works had been omitted from RSA's scope of works. It added that it wasn't a fair settlement because it wasn't reflective of increased costs for labour and materials. It also raised how the claim was having a detrimental impact on Mr and Mrs S' well-being.
- In September 2022, RSA accepted the cause of movement had been incorrectly

diagnosed as an escape of water emanating from the damaged drain.

- RSA agreed to carry out further site investigations and has said that depending on the outcome of this, it would look to arrange an arborist report to obtain recommendations for tree works - as it's thought this might be the cause of movement to Mr S' property.
- In its final response RSA acknowledged that it had found many of L's points to be valid. And it paid £2,000 compensation to recognise the difficulties he and Mrs S had experienced.
- Unhappy with the resolution, Mr S brought a complaint to this Service. An Investigator considered it and said she thought the compensation offered was fair and that the proposed steps RSA said it would take were reasonable.
- Mr S disagreed and so, the complaint has been passed to me for an Ombudsman's decision.

I issued a provisional decision, in which I said:

"What I've provisionally 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.

Claims handling

The Insurance Code of Business Sourcebook (ICOBS) requires insurers to handle claims promptly and fairly. RSA has accepted its failure to carry out adequate investigations led to the cause of damage to Mr S' property being misdiagnosed, which in turn caused delays of approximately three years or so. So, I'm satisfied it hasn't met these obligations. But given RSA has acknowledged its handling of the claim has fallen short, I don't consider it necessary to detail and comment on every aspect of this. Ultimately, this isn't what's in dispute, it's the impact of these shortcomings on Mr and Mrs S which is.

But before I turn to that, I've read the steps RSA has proposed it takes to move the claim forwards. Mr S has confirmed RSA is working with L to establish the cause of the damage and what remedial works are required. I'm satisfied these steps are reasonable and so I won't be commenting further on this other than to say if Mr S has any concerns about RSA's handling of his claim following its most recent final response letter, he'll need to make a new complaint to RSA before referring the matter to this Service.

Compensation

RSA has paid £2,000 compensation to Mr S to recognise the difficulties he and Mrs S have experienced because of its claim handling. But Mr S doesn't consider this amount to suitably reflect the problems he and Mrs S have faced. And it's this I need to decide.

Whilst it's not entirely clear how much of an impact the pandemic had on RSA's ability to progress the claim, it seems to have accepted it caused three years of delays – and has said that having initially misdiagnosed the cause of damage, the claim has essentially had to start from scratch in September 2022.

Understandably, having to live in a property where more than half of it is damaged, for a

period of four years, would be distressing for anyone. But, owing to Mr and Mrs S' age and mobility issues, they have felt considerably more vulnerable as a result.

Whilst some inconvenience is reasonably to be expected with a claim like this, it's apparent RSA's handling of it – particularly, its lack of progression – has had a detrimental impact on Mrs S' mental health and Mr and Mrs S physical well-being. Mr S has said that he and his wife haven't been able to have family and friends visit because of the state of their property, which has left them feeling isolated.

Mr S has said he intended on selling his property so he and Mrs S could move into a bungalow as navigating the stairs had become difficult – and with the only bathroom being upstairs this continues to be a problem for them. However, because of the ongoing claim, he's not been able to proceed with his plans to market his home. Whilst I can't say with certainty Mr S would have successfully sold his property during this time, the disappointment of not being able to proceed with his plans, together with a general uncertainty as to the when his property will be repaired, coupled with further investigations being carried out, needs to be recognised.

Whilst I recognise both Mr S' representative and L have dealt with RSA during the claim therefore, lessening some of the impact of its poor claims handling, I don't consider £2,000 reasonably reflects the inconvenience and distress he and Mrs S have incurred because of RSA's avoidable delays. And so, I intend to direct RSA to pay an additional £1,000 compensation.

Loss assessor's fees

It's up to a policy holder to decide if they want to appoint a Loss Assessor to manage a claim on their behalf. And the cost of doing so isn't normally met by the insurer. But here, I consider it reasonable to ask RSA to pay towards some of L's costs, and I'll explain why. Mr S appointed L approximately 20 months after the claim was reported and he did so because he was frustrated with how his claim was being progressed and the scope of works presented by RSA. And it seems to me Mr S only did so due to RSA's mistakes and failings – of which it has now acknowledged.

In its final response, RSA has accepted that many of L's findings were valid, and it appears RSA's decision to carry out further site investigations and look at the claim again is directly related to L's involvement. Because I'm satisfied L's involvement has been material to the outcome of the claim, I consider it fair to direct RSA to cover any reasonable loss assessor fees or associated costs which relate to the claim – up until the date of its final response letter in October 2022.

To be clear, I wouldn't expect RSA to do this with every claim where a loss assessor is involved, but in the particular circumstances of this case, I'm persuaded it's reasonable. I say this because first, I'm satisfied Mr S had no other option but to appoint L to progress his claim and second, L has materially impacted the claim going forwards.

My provisional decision

My provisional decision is that I intend to uphold this complaint and direct Royal & Sun Alliance Insurance Limited to:

- Pay an additional £1,000 compensation.*
- Pay L's reasonable costs – subject to proof of receipt - for the period up until and including the date of RSA's final response letter dated 5 October 2022. Royal & Sun*

Alliance Insurance Limited should pay simple interest at 8% a year from the date Mr and Mrs S made payment to L (if they've done so already) to the date it is refunded. I invite Mr and Mrs S to submit these costs to this Service and RSA following this decision."

RSA didn't respond to my provisional decision. Mr S did – he provided pictures showing the condition of his property and added further comments. In summary he said the delays have impacted his and Mrs S' health. Mrs S' blood pressure has increased due to the stress of the situation – this is of concern as she suffers from a heart condition which she's due to have surgery for. Mr S has also had to use medication for angina, something he says he hasn't had to do for a long time.

Mr S has said that whilst RSA has agreed to cover storage costs for their items, he's asked if RSA can pay for a removal company to pack their items which are due to be put in storage as he and Mrs S are not physically well enough to do this themselves.

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'm not departing from the provisional decision I reached. In concluding that RSA needed to pay an additional £1,000 compensation I considered the impact of its actions on Mr and Mrs S – keeping in mind their specific circumstances regarding their health conditions. So, whilst I acknowledge RSA's failings had a greater impact on them, I'm satisfied compensation totalling £3,000 is reasonable.

Mr S has asked for RSA to cover the costs of having his possessions packed for storage due to him and Mrs S being physically unable to do so. Because the claim is ongoing, I don't intend to intervene and direct RSA as to what it should do with the claim, however, I would expect it to consider Mr S' request to have the cost of packing his goods covered.

My final decision

My final decision is I uphold this complaint and direct *Royal & Sun Alliance Insurance Limited* to:

- Pay Mr and Mrs S an additional £1,000 compensation.
- Pay L's reasonable costs – subject to proof of receipt - for the period up until and including the date of RSA's final response letter dated 5 October 2022. Royal & Sun Alliance Insurance Limited should pay simple interest at 8% a year from the date Mr and Mrs S made payment to L (if they've done so already) to the date it is refunded. I invite Mr and Mrs S to submit these costs to this Service and RSA following this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 20 September 2023.

Nicola Beakhust
Ombudsman