

The complaint

Ms V complains about the handling of her home emergency claim by Royal & Sun Alliance Insurance Limited ('RSA').

The company that issued the final response letter to Ms V's complaint acted as RSA's agent. Any reference to RSA includes the actions of its agents.

What happened

Ms V holds a landlord insurance policy which covers a property she rents out. The policy is underwritten by RSA and includes home emergency cover.

Ms V made a claim under the home emergency cover after there was a leak from the ensuite at the property. A number of contractors attended, and concluded the issue was with the toilet's macerator, but this couldn't be accessed as it was boxed in. RSA said it wouldn't do a repair as there was a second toilet in the property, but it could isolate the macerator if it was leaking once Ms V had arranged access. Ms V did so, and RSA's contractors reattended and concluded the macerator had reached the end of its lifespan and a replacement wasn't covered under the policy.

Ms V complained to RSA about its refusal to repair/replace the macerator and its handling of the claim. RSA accepted that Ms V hadn't been kept updated throughout the claim, and offered her £100 compensation for this. However, it remained of the view that the repair wasn't covered under the policy. Unhappy with this, Ms V brought a complaint to the Financial Ombudsman Service.

After the complaint was brought to us, RSA made an offer to increase the compensation to £150. Ms V didn't accept this offer, and so we looked into the matter.

Our investigator recommended the complaint be upheld. She thought RSA's claims decision had been reasonable. However, she thought RSA's handling of the claim had caused Ms V a lot of unnecessary inconvenience, and so she recommended it increase the compensation amount to £400. She also recommended that RSA arrange for a carpet to be cleaned that had been stained by its engineer.

RSA accepted our investigator's recommendations, but Ms V did not. The matter has therefore been passed to me for 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.

I've only summarised the complaint above. That's not meant as a discourtesy, it merely reflects the informal nature of the Financial Ombudsman Service.

I understand that Ms V raised a separate complaint with RSA regarding a claim made under the landlord policy for the same incident. She hasn't escalated that complaint to us, and so I've only considered RSA's handling of the home emergency claim in this decision.

RSA's decision not to cover the repair

The home emergency policy wording says the following under the 'what is covered section':

'We will pay the cost of the repair, parts and call out charges for work undertaken...to carry out temporary or permanent repairs for cover 1-5, which if not dealt with immediately upon discovery will make the Home unsafe or insecure for You cause damage to the Home or its contents or result in the Home losing its main source of heating, lighting or water (hot or cold).'

Cover 1-5 includes repairs necessary to restore service to the home as a result of failure or damage to the plumbing or drainage system.

The policy says the following under the 'what is not covered' section:

'Damage caused as a result of any system, equipment or facility having reached the end of its serviceable life.'

When RSA's contractor initially attended, they found the toilet, basin and shower tray were blocked. They said that when flushing the toilet or running water from the basin, the water was coming out of the shower tray, and causing damage to the downstairs ceiling. It was thought the problem may be a blocked drain, and so it was recommended that a drainage engineer attend.

When the drainage engineer attended, they thought the issue was the macerator, but this couldn't be accessed as it was blocked in. RSA told Ms V that the home emergency policy didn't include trace and access cover, and so she would need to arrange access to the macerator.

RSA then advised Ms V that it couldn't repair or replace the macerator, as there was a second toilet in the property. However, it said it would isolate the macerator if this was leaking, once Ms V had arranged access.

The damage to the downstairs ceiling was only happening when the toilet and basin in the ensuite were being used. But they didn't have to be used, because there was a second toilet available. Under the policy RSA was only required to carry out repairs if not dealing with the matter immediately would make the home unsafe or cause further damage. The presence of the second working toilet meant this wasn't the case. So I think it was correct for RSA to say that the repair wasn't covered under the policy.

RSA later said that as a gesture of goodwill it would unblock the macerator. However, after this was done, it was found the macerator needed to be replaced because of wear and tear. RSA said it wouldn't do this. As the policy excludes damage as a result of any equipment having reached the end of its serviceable life, I think it was reasonable for RSA to say the replacement of the macerator wasn't covered.

However, RSA has said that if Ms V provides evidence that the macerator failed due to an insured event, rather than wear and tear, it will consider reimbursing the cost of the replacement. I think that's fair.

RSA's handling of the claim

I think RSA has handled this claim badly. It provided Ms V with confusing and conflicting information throughout the claim. It said the repair wasn't covered because the tenants had a second toilet in the property, but it didn't explain why this meant the repair wasn't covered or refer Ms V to the relevant part of the policy terms - despite her requesting an explanation about this several times.

Also, after RSA told Ms V that the repair wasn't covered, it then said it would be covered. However, it later said it would only isolate the macerator if it was leaking. It then said it would unblock the macerator as a goodwill gesture. So I can understand why Ms V was confused over what was and wasn't being covered by RSA.

I also note that Ms V had to continually chase RSA for updates, and there were also occasions when she was supposed to be called back, but this didn't happen.

RSA sent several contractors to the property. Some of these visits were necessary. RSA initially needed to establish what the problem was to see if it was covered. When the claim was reported, RSA was told there was no power upstairs due to the leak, and so RSA arranged for an electrician to attend who isolated the upstairs sockets (as well as later reinstate the electrics). Although Ms V says this wasn't discussed with her, I think RSA acted reasonably by sending an electrician to the property.

However, once RSA was aware there was a second toilet in the property and that there wasn't a water leak, I think it ought to have been very clear with Ms V that the repair wasn't covered. If that had happened, then Ms V could have arranged for her own contractor to access the macerator and then replace it at the same time. Instead, more visits from RSA's contractors took place. Whilst RSA may have had good intentions (as it agreed to unblock the macerator as a goodwill gesture), I think this ended up overcomplicating matters, and also caused a short delay with the claim.

RSA did offer alternative accommodation to the tenants up to £250. It's not clear to me why RSA offered this, as the policy says this is only covered if the property can't be lived in. Whilst I appreciate the tenants couldn't use the ensuite and later the adjoining bedroom (due to the smell from the ensuite after access to the macerator had been created), I don't think this means the property wasn't still habitable. Though this offer wasn't taken up in any event.

Ms V says that she received an aggressive phone call from one of RSA's contractors to ask why she had said negative things about him to RSA. I can't see that RSA looked into this, but if this is what happened, then that isn't acceptable behaviour. I also note that Ms V specifically asked that two engineers not be sent to the property, but RSA still sent them.

Ms V says the tenants withheld £309 rent from her because they didn't have the use of the toilet or adjoining bedroom until the repair was carried out. Whilst I sympathise with Ms V's situation, I don't require RSA to pay this amount to Ms V. As I've said, I think RSA only caused a short delay with the claim, as some of its contractors visits were necessary.

Though taking everything into account, I think it's clear that RSA caused Ms V unnecessary upset and inconvenience by its handling of the claim. Our investigator thought RSA should pay £400 compensation to recognise this, which in the round, I agree is reasonable and reflects the impact the matter had on Ms V.

Whilst I've noted Ms V's point that her tenants were also affected, I can't consider any impact to the tenants as they aren't eligible complainants under our rules.

Carpet

After one of the contractors attended the property, Ms V told RSA that the contractor had stained the carpet. She obtained a cleaning quote for £165.20, but didn't have the cleaning carried out as she was waiting for RSA to get back to her about this. RSA didn't do so.

Our investigator thought it would be reasonable for RSA to clean the carpet, or reimburse Ms V for this if she had paid for it. I agree that seems fair, and RSA has agreed to this.

My final decision

My final decision is that I uphold this complaint. I require Royal & Sun Alliance Insurance Limited to do the following:

- Pay Ms V £400 compensation*
- Arrange for the affected carpet to be cleaned, or if Ms V has since arranged this herself, it should reimburse her this cost (subject to her providing evidence of this) and add interest of 8% simple per annum from the date the invoice was paid to the date of settlement**.

*RSA must pay the compensation within 28 days of the date on which we tell it Ms V accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

** If RSA considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Ms V how much it's taken off. It should also give Ms V a certificate showing this if she asks for one, so Ms V can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 12 April 2024.

Chantelle Hurn-Ryan
Ombudsman