

The complaint

Mr G and Mrs K complain about the settlement of their home insurance claim with Royal & Sun Alliance Insurance Limited ('RSA').

RSA are the underwriters (insurers) of this policy. Some of this complaint concerns the actions of their appointed agents. As RSA accept they are accountable for the actions of their agents, in my decision, any reference to RSA should be interpreted as also covering the actions of their appointed agents.

This was a joint policy, but I'll mainly refer to Mr G only in my decision.

What happened

The background to this complaint is well known to Mr G and Mrs K. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr G and Mrs K had a home insurance policy with RSA. On 14 July 2022 there was an escape of water at their insured property. On 15 July 2022 Mr G and Mrs K notified RSA that they wanted to make a claim against their policy. Mr G and Mrs K appointed a loss assessor to deal with the claim on their behalf.

RSA later offered to cash settle the claim for £1,372.66 (including an excess deduction of £250). Mr G and Mrs K disputed the settlement offered. In their complaint to RSA; Mr G and Mrs K said the settlement amount should be around £12,000. As they remained unhappy with RSA's response, the complaint was referred to our Service for an independent review.

Our investigator considered the complaint and partially upheld it. As RSA didn't agree, the complaint was then referred to me for a decision. I recently sent both parties a copy of my provisional, intended findings. As the deadline for responses has now passed, I've considered the complaint for a final 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

The scope of my decision

This complaint and claim have been ongoing for some time and it's understandable that lines can become blurred as time passes and more detail is added to a claim/complaint file.

The final response letter from RSA dated 24 March 2023 refers only to the redecoration/repair works in dispute. But I note an email on file from Mr G's loss assessor dated 17 March 2023 which refers to the areas in dispute as:

*“Trace and Access: £956.40 (including VAT)
Alternative accommodation authorised by the insurance company for 10 days X 235
= £2350.00
Content Damage: £958.00
Schedule of work (Reinstatement works): £7610.36 (including VAT)
Total Amount: £11874.76 (including VAT)”*

This was prior to the final response being issued. I also note with importance, in their complaint referral to our Service, Mr G again refers to the above settlement amount. Our Investigator attempted to clarify what this complaint was in relation to, in an email dated 26 September 2023. In their response, RSA stated *“the complaint received is solely in respect of the cash settlement”* and *“RSA are happy to undertake the repairs outlined in our Scope of Works, but this has been rejected by the customer’s loss assessors...”*

Therefore, in my decision I will be considering the cash settlement amount, but it’s clear the overall figure (including any alternative accommodation and contents) is also in dispute. For ease I will address the remaining areas of dispute separately below.

The repair/reinstatement works

I won’t address each and every area of damage, as it’s not the role of our Service to determine proximate cause, line by line. Instead I’m considering whether or not RSA have, on balance, fairly investigated and considered the claim in line with the policy terms before making their offer to settle the claim.

The major dispute in relation to this point is Mr G feels RSA haven’t included works to repair damage that he says was caused by the escape of water. I don’t find the scope of works provided by Mr G’s loss assessor (S1) to be a fair comparison with the proposed scope of works compiled by RSA (S2). There are various costs in S1 that are questionable and appear to be very high, in my opinion. Of course, for fairness, I’ve kept in mind that RSA will benefit from economies of scale that may not be accessible by Mr G’s loss assessor.

Whether or not the proximate cause of the damage to the skirting boards was the escape of water remains in dispute. RSA allege it wasn’t and instead was possibly caused by a damp issue. I’ve carefully considered RSA’s comments that Mr G’s loss assessor conceded that there was a general damp issue in the property. An email dated 25 June 2023 which shows a record of the loss assessor’s comments doesn’t support this at all. I’ve also considered another part of the evidence - notes relating to the call on 1 November 2022 and it simply refers to a scope of works is to be shared between the parties and there’s no concession from the loss assessor about damp – as has been claimed by RSA.

On balance I’m more persuaded by the photos from the date of the escape of water, which don’t show any damage immediately – which isn’t unusual. However, photos taken a few weeks later show various areas of damage. It seems drying equipment wasn’t used given the asbestos risk that was initially highlighted. It’s to be expected that if drying out was left to happen naturally, the skirting will have absorbed water in the days after the escape of water.

Therefore RSA will need to include the removal and replacement of the skirting boards in their scope of works.

S1 shows painting and decorating works required in the main living room/dining area. But I’ve not seen persuasive evidence that this escape of water caused damage to those wall areas. Therefore, any painting/redecorating costs should be limited to any damage caused by the removal/refitting of skirting boards. The earlier referenced drying report clearly found elevated moisture readings in the wall next to the leak, not elsewhere: *“The only elevated*

moisture readings that we can detect is to the wall next to the leak". I also note that the drying report (dated 4 August 2022) states: "Water damage to a couple of sections of skirting board at joins in the lounge/diner and the laminate has blown at the entrance to the conservatory from the diner..."

The other major area of dispute is the flooring and conservatory door. Based on the photos provided, I'm not sufficiently persuaded that this escape of water has caused the issues with the door closing, as Mr G has described. In my experience, the fitting of the conservatory door would generally act as a barrier to extensive water damage in the conservatory area, but as RSA have already made an allowance for reinstatement works in the conservatory area (flooring) - I don't intend to interfere with this or require additions.

RSA have said cash settlement remains the only viable option given the loss assessor's rejection of RSA appointed contractors carrying out the works. This is broadly allowed for in the policy terms and is the general approach our Service takes to this type of dispute issue:

"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 or*
• *The cost of the work based upon the most competitive estimate or tender from your nominated contractors."*

Mr G has presented an invoice for the initial trace and access/water removal costs, but elsewhere in the claim Mr G refers to the fire service removing some of the water. As this overall cost appears reasonable (£956.40), subject to it being covered by the policy terms and dependant on whether or not Mr G has actually paid it, RSA will need to follow my direction set out later in this decision.

Contents

As outlined above, it's my view that the contents part of this complaint was also raised as an issue with RSA and referred to our Service under the umbrella of the overall settlement amount that's in dispute.

Alternative accommodation (AA)

As above, Mr G included AA in his complaint about the cash settlement amount complaint. I note that shortly after (15 July 2022) the loss event, RSA discussed a disturbance allowance for him and his family members living at the risk address as they were temporarily staying at a friend's house. This was to be £10 per day, per person. Shortly after this (18 July 2022), Mr G contacted RSA to enquire about AA. I've seen no further comments or evidence that this part of the claim was resolved.

The overall service provided

I find that RSA have caused trouble and upset that goes beyond what might reasonably be expected in a claim of this nature.

Putting things right

Royal & Sun Alliance Insurance Limited now need to follow the below direction.

Buildings:

- RSA should again offer for their own contractors to carry out the repair works (to include the skirting and only any redecoration works required as a result of the

removal and fitting of the skirting boards). If this offer is rejected, RSA should offer an updated cash settlement based on their scope of works, subject to Mr G providing two additional independent quotes. The third quote can be from his loss assessor. RSA should then cash settle on the lowest of the three quotes.

- Trace and access invoice. Dependant on whether or not the invoice is outstanding, either:
 - Reimburse this cost up to the policy limit (if it remains outstanding), or;
 - If Mr G has already settled this invoice – subject to him providing reasonable proof of payment, RSA need to reimburse him and add 8% simple interest per annum from the date of payment until the date claim settlement is made.
- Alternative accommodation: This will need to be revisited and reconsidered by RSA - in line with the remaining policy terms.

Contents:

- RSA will now need to fully consider the contents part of the claim (if it remains outstanding) and if it progresses to settlement, settle in line with the policy terms.

Service provided:

- RSA need to pay Mr G and Mrs K £150 in recognition of the failures in the service provided.

My final decision

My final decision is that I uphold this complaint. Royal & Sun Alliance Insurance Limited now need to follow my direction as set out under the heading 'Putting things right'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs K to accept or reject my decision before 26 March 2024.

Daniel O'Shea
Ombudsman