

The complaint

Mr and Mrs G complain about the way Royal & Sun Alliance Insurance Limited (“RSA”) dealt with a claim they made under their home insurance policy for a drain problem.

Reference to RSA includes its agents and representatives.

Mr G has primarily dealt with things so, for simplicity, I’ll refer to him only.

What happened

I’ll summarise the main points about this dispute:

- The water pipe supplying Mr G’s property runs a long way under fields until it reaches his water meter.
- In September 2021, he was notified by an owner of one of the fields that the pipe appeared to be leaking. He also noticed his water meter increasing rapidly. He got in touch with RSA, who appointed C, a drainage contractor, to look into the problem.
- Over the course of several visits, C investigated, said it found the source of the leak, and put it right by re-routing pipework. Mr G paid a £300 excess towards the work.
- After, Mr G said there was still a leak. C visited again and said there were no issues with its previous work. It said it had found a second leak but it wasn’t covered by the policy because it had been caused by wear and tear. Mr G didn’t think that was fair. He didn’t think C had found the second leak or shown why it was the result of wear and tear when the first leak wasn’t.
- Several months later, RSA responded to Mr G’s complaint. It said it had asked C to deal with the second leak and charged Mr G a £250 excess. RSA conceded it had taken too long to reach this stage and offered Mr G £300 compensation.
- C returned and replaced a section of pipe. Mr G said he checked the water meter before and after C’s work and a leak of the same magnitude continued. So he wasn’t convinced C had identified and resolved the second leak. RSA said C had dealt with the second leak. So if there was a problem, it must be a third leak – and that wasn’t covered by the policy because it was wear and tear.
- Mr G turned to two contractors, who I’ll call A and B. Both provided quotes for various ways of resolving the problem. Mr G says both thought it likely that the second leak hadn’t been identified and resolved by C, but I understand neither put that in writing. Similarly, he recalls both saying the condition of the pipe was excellent, so it seemed unlikely a leak had been caused by wear and tear. RSA didn’t change its position.
- Mr G referred his complaint to this Service. He made the following key points:

- As RSA declined to help further, Mr G asked A to investigate the matter. It found a leaking section of pipe near the meter. It's the responsibility of the local water company and they have paid to fix it.
- Mr G says A found that the leak persisted when bypassing the section replaced by RSA. There may have been a second leak – but not a third – and C didn't resolve the second leak. So he thinks RSA should refund the second excess he paid.
- He also said A thought C had used differing diameters of pipework when replacing sections and that introduced more risk of a future leak. It had also laid the new pipe too close to the ground to resist the risk of frost.
- The problem arose in September 2021 and over a year later it was still unresolved. It was only resolved in late 2022 because he took action. It has caused him enormous distress and wasted a lot of time, particularly as he had to chase RSA and C repeatedly.
- His water bills were higher than usual as a result of a prolonged leak. The local water company only agreed to lowering the bills once the leak had been fixed, which left Mr G in an uncertain position for over a year.
- When C replaced a section of pipe, it left the ground open as it said it would return to do more work. It didn't return, so the ground remained open until A put it right.
- RSA has paid C nearly £10,000 on this claim. Had C correctly identified the second leak and asked the local water company to pay for it, the claim cost would have been reduced. When he renewed the policy in September 2022, the premium increased considerably as a result of the claim cost. He would like the claim removed and the premium reduced.
- To get a quote from B, he had to pay £120. He wouldn't have had to do this if RSA had agreed to deal with the problem.
- Our investigator didn't think the complaint should be upheld. He thought it was fair for RSA to rely on what C had said about the number of leaks, the work carried out, and the condition of the pipe – particularly as Mr G hadn't provided any evidence from A or B to challenge it.
- Mr G disagreed. He reiterated some of the points above, which I won't repeat, and made further key points:
 - No evidence has been provided to show the pipe was in poor condition and/or suffering from wear and tear. Whereas he's provided photos showing sections of the pipe in good condition.
 - If C were correct, it would mean as soon as it repaired the second leak, a third leak appeared immediately afterward in another area. This is very unlikely. It's much more likely that it didn't identify the second leak accurately.
 - RSA failed to respond in full when he asked for information, including about a Subject Access Request (SAR) and Freedom of Information enquiry (FOI).

- The investigator wasn't persuaded to change his mind, so the complaint has been passed to me.

My provisional decision

I issued a provisional decision in which I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

- The policy covers "accidental breakage of drains and pipes". There's no dispute the leaks amount to accidental breakage and are covered by the policy subject to any relevant exclusions.
- The policy contains an exclusion for any damage caused by or resulting from wear and tear. The onus is on RSA to show damage has been caused in this way in order to rely on it to decline a claim or part of a claim.
- As I understand it, the position reached now is that the drainage system is no longer leaking. Work has been carried out and paid for by C and the local water company. Mr G isn't out of pocket for any of this work. And no further work is required to deal with a leak at this time.
- The key dispute remaining is about how RSA handled the claim and the impact it had on Mr G, financially and otherwise. So that's what I'll focus on.

Did RSA handle the claim fairly?

- Most of the reason for the length of the claim is the dispute about how many leaks they were and whether any were caused by wear and tear.
- RSA's position is that there were three leaks. C resolved the first two but it declined to take action with the third as it thought the damage was due to wear and tear.
- Mr G suspects there may only have been one leak, though he accepts he has little evidence to show there wasn't a second. But he strongly disagrees there was a third. He thinks C failed to identify and resolve the second leak when it replaced a length of pipe. This is based on checking the leakage level before and after C carried out that work – and testing by A. He doesn't think wear and tear played a part at all.
- The first leak was accepted without relying on, or even mentioning, the wear and tear policy term. Whilst C said the second leak was caused by wear and tear, RSA disagreed and accepted it too. If there was a third leak, it's not clear why it would have been caused by wear and tear when the others weren't. I can't see that C ever identified where the supposed third leak was, so I don't understand how it was able to determine the cause of it.
- RSA hasn't provided any compelling evidence to show any damage has been caused by wear and tear. It seems to be relying solely on C's opinion. I've looked at C's reports. They say: "leaks are deemed to be wear and tear" and "pipe ... is in a very poor condition". That's the extent of its commentary and evidence on this point. I haven't seen any explanation for *why* C reached this conclusion, or photos to show the condition. I don't find this persuasive.

- RSA said that because the pipe leaked whenever a repair was carried out, that showed it was suffering from wear and tear. But it hasn't shown that the pipe did leak whenever a repair was carried out. It made this assumption on the basis there were three leaks – but it hasn't provided evidence to show there were three leaks.
- The steps Mr G and A took to check the impact of C replacing a section of pipe strongly suggest that its work didn't resolve the second leak. RSA has only shown the pipe had two leaks, neither of which it thought were caused by wear and tear.
- Overall, I'm not persuaded RSA has shown there was any wear and tear or that there was a third leak. Nor am I persuaded the work it carried out resolved the second leak. As a result, I'm not satisfied it handled the claim fairly.

What impact did this have on Mr G?

- This claim went on for far longer than it ought to have done. It took RSA months to decide the second leak should be covered. And when Mr G questioned whether it had resolved the second leak, further delays arose due to the assumptions RSA made. It's clear Mr G had to chase RSA and C many times, often being referred by one party to the other and back again. The delays meant the leak went unresolved for a long time, causing Mr G inconvenience, frustration, and prolonged uncertainty about how much he would have to pay for his water bills.
- Whilst RSA has recognised its poor service by offering £300 compensation, I'm not satisfied that goes far enough to put right the impact of its mistakes. Bearing in mind the distress and inconvenience caused to Mr G by RSA's mistakes, I think this should be increased to £600. If RSA has already paid £300, it need only pay a further £300.
- Mr G was left with no choice but to turn to contractors when RSA declined to help him further. But I don't think that means RSA should reimburse Mr G the cost of B's quote. It's uncommon to be charged for a quote for work of this nature. Indeed, A didn't charge for it. So I'm not satisfied it was necessary for Mr G to pay for this.
- Mr G says A thought C had used varying pipe diameters in its work and laid the pipe too close to the ground. He thinks these problems present a risk and should be put right. That may be the case but without sight of a professional opinion to support these findings and recommendations, I'm not satisfied it would be fair to require RSA to take any further action at this time. Mr G is entitled to obtain such an opinion and share it with RSA. If so, I would expect it to consider whether it should take further action to ensure the work it completed amounts to an effective and lasting repair.
- After C replaced a length of pipe, Mr G says it left the ground open and agreed to return – but didn't. C's report says it reinstated the ground. Photos taken by Mr G suggest otherwise. But I understand A reinstated the ground at no cost to Mr G, so I'm satisfied this point is resolved and needs no further consideration.
- As RSA didn't resolve the second leak, I don't think Mr G should have had to pay an excess for it. So RSA should refund the £250 he paid for it.
- At the 2022 policy renewal, Mr G's premium increased by around 60%, from £436.42 to £716.11. And in 2023, it increased by another 50%, to £1,078.60. Mr G thinks that if RSA had handled the claim fairly, there would have been less impact on the premium. He says C should have identified that the leak was on a section of pipe owned by the local water company. And had it done so, there would have been no

cost to RSA. He would like his claim removed from his claim record and for his premiums to be reduced accordingly.

- RSA has told us it has recorded two claims – one for the first leak and one for the second. Given what I've found above, I don't think a second claim should be recorded as RSA didn't identify and deal with a second leak. But I'm satisfied it's fair and accurate to record one claim because there was a leak problem on the pipework.
- Whilst Mr G has his concerns that there was only ever one leak – and that was on the section owned by the local water authority – there's no evidence to support this. As it stands, the evidence suggests there was a leak on another section and C carried out work to re-route the pipe to deal with this. So, that means the claim would always have had some cost attached to it even if C dealt with things as it should have done. From C's reports, I estimate it would have been around £5,000, rather than the £10,000 or so that's been recorded.
- To put things right, RSA should remove the second claim from any internal and external databases to present an accurate reflection of what happened. Whilst it's unable to amend the claim cost – as that would be inaccurate – it can manually calculate the renewal premiums using a figure of £5,000 for the claim cost. It could recalculate the 2022 and 2023 premiums on this basis and do so for the following three years (claims tend to only be taken into account for five years). However, this leaves things open-ended and doesn't take into account the impact of the claim cost if Mr G were to move to a different insurer.
- I think it would be more pragmatic for RSA to pay an appropriate amount to cover the likely impact of the problem over these five years and bring finality to this point. It's been asked to provide some underwriting information to help with this, but hasn't done so. That leaves me to estimate an appropriate amount.
- It's likely Mr G's premium would always have increased at the renewals due to general home insurance inflation, particularly with the recent rise in the cost of building work generally. And registering the claim would likely have increased that further. That means most of the increase at the 2022 would likely have happened even if things had been handled better.
- Similarly, some of the increase at the 2023 renewal would likely have happened regardless. Also, with the second claim removed, the increases at future renewals are likely to be lessened than what Mr G has seen so far. Bearing all of this in mind, I think a figure of £500 is an appropriate amount for the five year period.
- Mr G has mentioned problems with the information provided by RSA in response to a SAR and FOI he submitted to gather evidence to support his complaint. Our investigator has directed Mr G to the Information Commissioner's Office (ICO) to take these matters further. I understand the ICO is the most appropriate organisation to deal with these problems, so I won't consider them or comment on them further.

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.

RSA didn't respond to my provisional decision.

Mr G said he didn't agree with all the points I made but was overall prepared to accept my provisional decision and had no further points to make.

He asked for RSA to show him that it's removed the second claim from any internal and external databases. I think that's a reasonable request. So once RSA has removed it, it should share evidence with Mr G to show that.

As neither party has challenged or commented on any of the points I made in my provisional decision, I don't think I need to consider or discuss them further. I remain satisfied my findings are fair and reasonable for the reasons set out above.

My final decision

I uphold this complaint and require Royal & Sun Alliance Insurance Ltd to:

- Pay a total of £600 compensation.
- Refund the £250 excess.
- Remove the second claim from any internal and external databases.
- Pay £500 for increased premium costs.

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 7 November 2023.

James Neville
Ombudsman