

The complaint

Miss C has complained about the service she received from Royal & Sun Alliance Insurance Limited ('RSA') under her home insurance policy following flooding damage at her home. For the avoidance of doubt, the term 'RSA' includes reference to its agents, contractors and representatives in this decision.

What happened

Miss C's home suffered significant damage during a flash flood in July 2021. She reported the matter to RSA, and it accepted her claim. She'd previously complained about delays in RSA processing her claim and it had offered compensation of £500 for certain service failures. However, Miss C had been seeking compensation in the region of £5,000. The outcome of that complaint to this service was that RSA's offer was determined to be fair and RSA wasn't required to progress work any sooner than was proper, for ensuring a lasting repair to Miss C's home.

Miss C has complained that works still hadn't started following her previous complaint, and that there was no plan for it to proceed. She was unhappy about the continuing delays and lack of communication. She was also unhappy about RSA's stance in terms of floor replacement, as it hadn't proceeded in accordance with a surveyor's recommendation. Finally, she was also unhappy that she'd had to chase RSA for alternative accommodation payments. Miss C now wanted a clear timeline for repairs. She also wanted the repairs to be completed and compensation for the further trouble and upset caused. Again, RSA accepted that its service could have been better, and it paid further compensation of £100.

Miss C referred her further complaint to this service. However, the relevant investigator didn't uphold her complaint. His investigation had covered the period from mid-October 2022 to mid-May 2023. He agreed there had been some service issues, including lack of updates and delays from the loss adjusters which led to avoidable delay and upset. However, he thought that the £100 compensation was in line with the award which the service would recommend. He noted that RSA had dealt with flooring requirements, and he thought this was fair. As to the delay in making alternative accommodation payments, he expected Miss C to allow RSA time to contact her but also for RSA to contact her in good time.

Miss C remains unhappy with the outcome of her complaint. The matter has therefore been referred to me to make a final decision in my role as Ombudsman. In October 2023, I issued a provisional decision for this complaint and explained why I was minded to uphold Miss C's complaint as follows; -

'The key issue for me to determine is whether RSA acted in a fair and reasonable manner during the period mid-October 2022 to mid-May 2023 in relation to Miss C's claim, and in offering £100 compensation for its acknowledged service failings. My provisional conclusion is that, whilst RSA generally made fair and reasonable efforts to progress this claim, the compensation didn't adequately recognise some of the process delays, and I'll explain why. Miss C said that two years after the flooding event, she was still not back in her home and work hadn't even commenced. She hadn't seen a plan for works to commence. Whilst the event affected dozens of her neighbours, all others had been back in their homes within a

year. Miss C felt that since her initial complaint there had been 'further totally unjustified delays' by RSA, as well as poor claims handling.

RSA had instructed an expert regarding the type of flooring required. [Miss C] said that the surveyor concluded that 'a concrete floor was the only safe option given the age of the property and the damage to supporting stud walls which insurers have also previously accepted responsibility for replacing.' [The expert] also thought this was the more economic option. Miss C complained that RSA refused to proceed based on this advice, and that it instructed another surveyor for a second opinion. It also said it would proceed with a suspended timber floor replacement which the initial surveyor considered to be dangerous.

Miss C referred to a meeting between relevant agents which Miss C considered to be 'deeply unprofessional and concerning. The surveyors were extremely rude and aggressive to each other and could not agree at all on a common way forward.' Miss C had made it clear to RSA that she preferred the option of a concrete floor, having heard the arguments for it and the potential dangers in using a different approach. As RSA went against the option of the concrete floor, Miss C said that the project manager pulled out of the project, meaning the whole claim 'had to essentially start from scratch.' At this point, Miss C said she'd asked RSA for a cash settlement proposal as she felt she could potentially arrange the works more quickly and efficiently herself. This wasn't provided by RSA despite her numerous requests.

Miss C also said that at one stage, she'd been informed that RSA was intending to stop paying her alternative accommodation payments, despite its commitment to pay them until her home was restored and despite her being responsive and cooperative throughout and this delay being of RSA's making. Miss C said that she'd 'found the threat of homelessness deeply worrying' as she couldn't afford both mortgage and rent simultaneously and she'd been anxious ever since. RSA would only agree to pay the costs for limited periods at a time and she had to repeatedly chase them for payments which added to her anxiety. She'd also been out of pocket by thousands of pounds on at least two occasions, when RSA should have been paying the landlord direct, but never did.

Miss C had also asked to be updated on a regular basis as to progress with the property claim. Despite assurances in this regard, she felt she never received regular updates 'and instead have to chase repeatedly myself. I am often ignored for weeks at a time.' She felt that since the project managers withdrew in June 2022, nothing had happened with respect to her property. 'The individuals with responsibility seem to often be on annual leave with no handover or way to progress matters in their absence.' She said that unacceptable delays were acknowledged in February 2023. She said she was categorically told that a clear timescale would apply from that point, to include finalising a schedule of works within 4 to 6 weeks maximum, but this deadline was missed. A timescale was also given as to going out to tender, pre-contract site meeting and for works to proceed. She said 'The length of this claim is now seriously interfering with my life plans'.

In summary, Miss C said that the delays were completely unacceptable, and the personal cost to her health had been overwhelming. Miss C considered that RSA's offer of £100 in compensation to be insulting. She didn't consider that it even began to address the anguish and distress she'd felt. She wished this amount to be increased and for RSA 'to confirm that they will formally prioritise my claim and keep to their own deadlines.'

I now turn to RSA's submissions regarding this matter. It upheld Miss C's complaint about certain service issues and offered to pay compensation of £100 in this respect. It set out the timeline of events and confirmed that Miss C's flat was flooded by water and sewage. RSA considered that it had dealt with Miss C's claim in a fair manner. It said its aim was to try to minimise inconvenience as much as possible. For the period mid-October 2022 until mid-

May [2023], RSA stated that it diarised and discussed accommodation payments a month prior to the next period. It said it was awaiting tender returns which would enable future planning as to the payments and committed to providing regular payments moving forward.

It said that there had been disagreement regarding the scope of the works and the question of a cash settlement. It said that the consultants initially instructed to carry out the project management had withdrawn following discussions with Miss C. Another supplier then had to be appointed which caused a delay of around 2 months. RSA said that this was through no fault of its own, however it meant that the new suppliers had to go through everything again. It acknowledged however that it could see there were certain delays by its agents. It also noted that Miss C was waiting for updates and call-backs on a few occasions, causing delays of around 1 month in total. RSA apologised and offered compensation of £100.

Having considered all of the above evidence and submissions, these are the reasons for my provisional decision. I have every sympathy for the situation in which Miss C finds herself through no fault of her own. I can appreciate that Miss C has endured a very difficult ordeal over a period of over two years. I note that she described the flood as 'catastrophic'. In such circumstances there is an expectation that if an insured event occurs, the relevant insurer will act in an effective and diligent fashion, to place the customer back in the position they were prior to the incident. The specific period I'm considering here is mid-October 2022 to mid-May 2023.

Unfortunately, events of this nature do, in themselves, cause considerable distress, anxiety and inconvenience. It's also appreciated that the process of assessing, scoping, scheduling, procuring, and carrying out the physical works can be complex and lengthy. In this case I've seen from the case notes that this is a particularly complex project where there may have been some pre-existing damage at the property and where there has been a potential impact on a property in third-party occupation. I've carefully considered the steps taken by RSA to resolve these issues and to determine the most appropriate solutions.

I accept that all neighbours returned to their homes over a year ago. Whilst every property will have its own particular issues and challenges, this either indicates that there were very significant difficulties raised by this particular property, or that there had been unreasonable delays in progress of Miss C's claim. Having considered the evidence in detail, I can't say that RSA have generally acted in an unfair or unreasonable manner in progressing the matter, although there are specific service failures which RSA has already acknowledged.

The flooring solution has been a point of considerable contention and has clearly been the cause of some of the most significant difficulties. I appreciate that RSA obtained a second opinion. However, as flooring can be a critical and expensive item, I can't say that obtaining a second opinion was an unfair or unreasonable position to take. It ultimately preferred the like-for-like suspended timber floor option rather than provision of a new concrete floor. It's clear from the conflicting professional opinions that both solutions had their respective merits, and I'm unable to conclude in the circumstances that the like-for-like solution was unfair or unreasonable.

As to the meeting between agents, whilst professional disagreement isn't unusual, it's unfortunate that the individuals couldn't reach agreement over the best solution. I note that Miss C favoured the concrete floor solution as the 'only safe option', and that RSA favoured the suspended timber floor solution. It's then most unfortunate that the original agents who had been managing the project withdrew from the project as a result. This will undoubtedly have caused disruption and delay for Miss C through no fault of her own. Whilst I appreciate that such issues may also have been outside RSA's control, I consider that the reasons for and consequences of this withdrawal could have been better managed by RSA and I consider that a modest further sum in compensation is merited in this respect.

As to a proposal for a cash settlement, the decision as to how to settle a particular claim and whether to make a cash settlement is a decision for the insurer. Nevertheless, the case notes indicate that RSA had been willing to consider making a cash settlement based on the quotes it had received for reinstating a suspended timber floor. It's not clear whether agreement has since been achieved as to the flooring solution. However, on a provisional basis, I don't consider that additional compensation is merited in relation to discussions around payment of a cash settlement.

As to the suggestion that payments or alternative accommodation might stop, I appreciate that would have been very concerning for Miss C. However, I note that RSA has now committed to continue to make payments as appropriate, and in the circumstances, I'm not minded to award further compensation in this regard. I also can't say that it would be unreasonable for RSA to wish to review the alternative accommodation payments from time to time. I trust that Miss C will no longer be required to have to chase payments.

I'm satisfied that this claim has presented some significant difficulties for RSA, and many of the unfortunate delays, could not have been predicted or avoided. Nevertheless, RSA has accepted that there had been delays by its agents and that Miss C had been waiting for updates and call-backs on occasions. I agree. However, my provisional conclusion is that the offered compensation doesn't provide adequate recompense for these acknowledged issues which have caused at least a month's avoidable delay. This will have caused significant stress and inconvenience in an already frustrating and distressing situation. I consider that compensation of £400 as well as the £100 already offered would be more in line with an award in accordance with the service's published guidance.'

In my provisional decision, I asked both RSA and Miss C if they had any further comments or evidence that they would like me to consider before I made 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.

RSA confirmed that it had no further evidence to offer and agreed the provisional decision.

Miss C said she noted the provisional finding that RSA was at fault in the handling of the claim and in the delays caused to the project. She wished to make it clear however that the delays caused by the flooring issue didn't last for one month only. Miss C stated that work was due to commence on the property in October 2022. She said contractors had been appointed, the initial meeting had happened, Miss C had chosen finishes and had started ordering furniture. Miss C said that the second opinion and consequent delays 'caused by RSA's change of heart in relation to the floor led to a delay of almost 1 year in the works re-commencing'.

Miss C considered that the delay was a delay of at least seven months, being the period from October 2022 to May 2023 and said that this couldn't be disputed. Miss C said that this, in turn, had a bearing on compensation. She felt that at the very least, this case clearly fell within the bracket of £750 to £1,500. She referred to the relevant guidance in relation to this bracket, where the impact of a business's mistake causes substantial distress, upset, and worry and even potentially a serious offence or humiliation. It also applies where there may have been serious disruption to daily life over a sustained period, with the impact felt over many months, sometimes over a year. The guidance also says that it could also be fair to award compensation in this range if the business's actions resulted in a substantial short-term impact. Miss C didn't therefore consider that £400 compensation was adequate.

Again, I have every sympathy for the situation in which Miss C finds herself through no fault of her own, and fully appreciate that Miss C has endured a very difficult ordeal over an extended period. However, the provisional decision didn't uphold all aspects of Miss C's complaint and didn't find that all delays were unavoidable delays caused solely by RSA. I remain of the view that the remedial project here was particularly complex, and in my provisional decision, I made it clear that I considered that RSA had generally made fair and reasonable efforts to progress this claim. The additional submissions haven't persuaded me to change my decision in this respect.

I've no doubt that the withdrawal of the original project manager caused major delays in this project, and I accept what Miss C states, that the issue in relation to flooring caused a seven-month delay. However, it couldn't have been predicted that the project manager would withdraw because the like-for-like suspended floor solution was adopted. I don't therefore consider that RSA was responsible for the events that unfolded in this respect. Flooring can be a critical and expensive item in such a project, and I can't say that obtaining a second opinion and adopting the resulting solution was an unfair or unreasonable position for RSA to have taken.

I remain of the view that there were certain service failures which RSA has already acknowledged. As stated in the provisional decision as regards withdrawal of the project manager *'the reasons for and consequences of this withdrawal could have been better managed by RSA and I consider that a modest further sum in compensation is merited in this respect'*. I also consider that RSA failed to provide Miss C with updates and call-backs on occasions. Whilst I don't consider that these failures led to delays of seven months, I agree that it is likely to have led to delays of some weeks.

I therefore remain of the view that the compensation of £100 offered by RSA didn't adequately recognise the avoidable delays for which it was responsible. I also remain of the opinion that the service failures will have caused additional stress and inconvenience in an already frustrating and distressing situation.

However, I'm satisfied that an award of compensation of £400, in addition to the £100 already offered by RSA is within the appropriate award bracket contained in the service's guidance, where the impact of the identified service failure lasts over a period of some weeks as in this case. Whilst I recognise that the on-going stress of this event will have been substantial for Miss C, I can't say that the additional stress caused by RSA over this period of weeks merits an award of compensation into the higher bracket.

In all the circumstances, I've concluded that the provisional decision provides a fair and reasonable outcome to the matter.

My final decision

For the reasons given above, I uphold Miss C's complaint and require Royal & Sun Alliance Insurance Limited to pay compensation of £400 in addition to the £100 already offered to recognise the distress and inconvenience caused over the relevant period.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 24 December 2023.

Claire Jones
Ombudsman