

The complaint

Mr and Mrs H complain about the way Royal & Sun Alliance Insurance Limited ["RSA"] has handled a claim they've made under their buildings insurance policy.

What happened

I previously issued a provisional decision on this matter on 1 February 2024, an extract of which I have included below:

"Mrs H has led the complaint with this Service, so I'll refer to her mainly throughout. Reference to her actions includes those of her husband.

RSA is the underwriter of the policy i.e. it's the insurer. Part of this complaint relates to the actions of RSA's agents for which RSA has accepted accountability. Any reference to RSA includes the actions of its agents.

The background to this complaint is well known to the parties, so I've included a summary here.

- Mrs H owns a property insured under a buildings insurance policy underwritten by RSA. Around the end of 2017, there were a number of water leaks which caused water to flow under the property causing damage to the house, the patio and the garden. The local water company stopped the leaks in May 2018.*
- Mrs H made a claim on her buildings insurance policy for the damage. There was disagreement between RSA and Mrs H about the cause of the damage. Mrs H complained to RSA about the subsidence claim decline, RSA not responding to complaints she had made, poor communication and the lack of progress on the claim which meant she'd had to live with damage to the patio and house for longer than was necessary.*
- RSA issued a final response in June 2019, maintaining its position on the claim decline but apologised for the service provided during the claim and the lack of responses to complaints. It paid Mrs H £350 compensation for the impact of this. Additionally, it agreed to send an agent to survey the damage to ascertain whether it could be considered as an escape of water under the policy.*
- The agent undertook a survey of the damage in November 2019 but Mrs H said she then didn't hear anything further despite a further survey sometime later. And she received no report of the findings of the survey. She chased RSA for news several times over the following months until in July 2020 RSA apologised for the poor service and it promised to progress the complaint.*
- After that, there were further delays and lack of communication from RSA which continued throughout the rest of 2020. Mrs H says RSA also failed to register a complaint when she asked for it to on a number of occasions.*

- *In March 2021, RSA provided a schedule of works (SOW) and said it should be in a position to settle the claim shortly. But Mrs H says the SOW was incomplete with items missed off which RSA had said would be included. Over the next few months Mrs H chased RSA for updates on multiple occasions without response over several months.*
- *During this time, RSA said it wasn't going to issue a new final response as Mrs H had referred her complaint to this Service. In June 2021 Mrs H spoke to RSA and says she felt pressured to accept the settlement offer it made but refused to as she said this was unsubstantiated, despite the time that had passed.*
- *Over the next few months there was some back and forth about what should be included in the SOW and the quotes obtained by Mrs H. The claim was eventually cash settled in October 2021.*
- *Mrs H raised a complaint with this Service about the problems she had experienced including her garden being dangerous and virtually unusable since February 2018, the effect it had had on her and her family and the increased premium she says was caused by the claim still showing as being open at the time of policy renewal.*
- *Our Investigator didn't think this Service could consider Mrs H's previous complaint and RSA's final response in June 2019 or the impact of the delays over the time period it covered as this had been raised with us too late. But he could consider what had happened and the impact of the delays after this, from 5 June 2019 onwards.*
- *He considered all the evidence and issued various findings. There's been much back and forth between our Investigator and Mrs H so I've summarised below the key issues which remain in contention.*
- *Within the period he said we could consider, our Investigator identified eight months of avoidable delays caused by RSA between June 2020 and February 2021. But some of the other delays weren't as a result of failings by RSA but as a result of Mrs H not responding to RSA. He ultimately decided the claim could have been settled 12 to 14 months before it was. He said RSA should pay £1,000 for this plus an additional £250 to reflect the increased renewal premium over two policy years.*
- *The Investigator said RSA should also pay 8% simple annual interest on the amount Mrs H had paid for fence repairs which wasn't included in the claim settlement, from August 2020 to October 2021 on receipt of evidence she'd made payment.*
- *Mrs H said we should consider the entirety of the claim as RSA's final response didn't mention delays and the impact of them as this hadn't been addressed. She said the delays were therefore more extensive and the compensation was too low.*
- *And she should be reimbursed for increased premiums across the three renewal years since the claim first started, an additional £450 plus 8% simple interest per annum. And the Investigator hadn't taken account of RSA's failure to register and handle her complaints properly.*
- *Our Investigator remained of the same view about the period of the claim he could consider the impact of the delays over and remained satisfied with the level of compensation he had recommended.*
- *As no agreement has been reached, the complaint has come to me for an Ombudsman's decision.*

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.

The period of the claim I can consider.

Separately, I issued two decisions explaining why I can only consider the impact of RSA's actions following its final response in June 2019, so I won't comment on that further here, other than to say my review focuses on the period following this final response until the claim was settled in October 2021.

Introduction

In her testimony, Mrs H has detailed a number of medical and personal issues that occurred over the time of the claim and says how the delays caused by RSA made an already difficult time much worse. I've kept in mind what she's said throughout my review of her complaint. My role requires me to undertake an impartial review of the evidence and say how I think the complaint should be resolved fairly. This means, at times, my decision may seem dispassionate and I mean no offence by this, it merely reflects the nature of my role.

In my review, I will focus on what I consider to be the crux of the complaint, and that may mean at times I don't comment on everything the parties have said but I can confirm I have read and taken account of everything even if I don't reference it specifically.

In making my decision, I need to consider what's fair and reasonable in all the circumstances of the case, taking into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice, and (where appropriate) what I consider to have been good industry practice at the time.

The relevant industry rules and guidance, detailed in the Financial Conduct Authority's Insurance Conduct of Business sourcebook (ICOBS) require insurers to handle claims promptly and fairly, provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress and not to unreasonably reject a claim.

The delays and their impact

- Insurance claims involving a significant escape of water by their nature, take time to resolve and I can't hold an insurer responsible for that. But I can consider if the insurer was responsible for unnecessary delays which caused the claim to take longer than it should have.*
- For the sake of clarity, I'm focusing on the delays over the period of the claim from June 2019 to October 2021. My comments below are a summary of what I consider to have been the key things impacting the time the claim took rather than an a comprehensive record of everything that happened.*
- I've carefully considered RSA's claim notes and the submissions from Mrs H. It's clear the parties don't agree over the timescales involved and the delays experienced. Mrs H says RSA's records are incomplete and she's supplied copies of some correspondence which doesn't seem to feature in the claim notes. RSA accepts responsibility for some delays but not all and says, at times, it was waiting for Mrs H to respond but she disagrees. I've kept all this in mind.*
- In its final response in June 2019, RSA agreed for its specialist to revisit the property*

to consider the claim as an escape of water. It tried to arrange the visit but it didn't hear back from Mrs H until the end of November 2019. I'm satisfied RSA isn't responsible for the time that passed here.

- The site inspection happened at the end of November 2019 but then little happened despite Mrs H chasing RSA. Following her chasing, in March 2020 RSA said it needed to undertake a further site visit to establish the current state of the damage and whether it had stabilised. Mrs H promptly provided her availability but it wasn't until the end of May 2020 that the revisit was undertaken.*
- Following this inspection, there was no substantive progress on the claim until February 2021 despite Mrs H's regularly chasing RSA and its agents and expressing her dissatisfaction with how the claim was progressing. It wasn't until mid-February 2021 RSA confirmed cover for the claim.*
- I think the inspection could have happened more quickly and the lack of progress following it all contributed to unnecessary delays. I understand how this delay in outcome would have been very stressful for Mrs H, having to live with the uncertainty over this extended period of time. I think RSA let her down badly here.*
- Towards the end of March 2021, RSA provided a SOW detailing the remedial work required but this wasn't priced, so while it was shared with Mrs H, it didn't provide any clarification over the cost of the work involved. It seems to me, after the time that had elapsed, RSA should have been in a position to provide costings to allow Mrs H to make an informed decision about her options.*
- At this point, RSA confirmed to Mrs H a number of settlement choices and confirmed it would only take a few days to provide a settlement proposal after she let it know her initial intentions following the provision of the options.*
- At the start of April 2021, RSA let Mrs H know it was still awaiting information from its agent. And then little progress was made until June 2021. Following this, there were a number of conversations about the quotes provided by Mrs H which RSA says included work that was more extensive than necessary and some that wasn't claim related. Negotiations around the quotes and settlement continued and were concluded in October 2021 as I've described elsewhere. In my view, there were some delays on both sides during this time.*
- Over the time period in question, I've concluded there are approximately 14 months of delays caused by RSA and if it wasn't for these, the claim would likely have been resolved around August 2020 rather than October 2021. I acknowledge this may not be a completely accurate reflection of the delays caused by RSA, but based on the evidence I've seen, I'm satisfied it's a reasonable estimate in the circumstances.*
- During the life of the claim Mrs H has had to keep chasing RSA and pushing it for the claim to be progressed and for the settlement to be made. It's clear from Mrs H's submissions she's found RSA's handling of the claim very frustrating and extremely distressing.*
- I've also kept in mind the personal circumstances Mrs H details in her submissions including family health issues and bereavement which meant the delays, the need to keep chasing RSA and lack of certainty around the claim had a more significant impact. Additionally, due to the Covid lockdowns Mrs H was also having to support her children through home schooling. I understand why she says RSA's delays while dealing with all these additional things made an already difficult time much worse.*

- *I'm also conscious that due to the Covid lockdowns everyone found themselves having to stay at home for periods of time. Mrs H says she wasn't able to use the garden for her normal family activities, such as entertaining and children's parties for example, as she considered it unsafe. I can therefore see how the impact of RSA's delays over this period would have been more significant.*
- *I do have to balance this though with RSA's report and photographic evidence from May 2018 after the cause of the damage was resolved by the water company. The report describes the structural damage cracks as being "slight", between 1mm and 5 mm. And the photos of the damage seem broadly in line with this. The report and photos identify internal hairline and 1mm to 2mm cracks within the property. While I acknowledge the cracking would have been somewhat unsightly, I'm persuaded it's more aesthetic rather than having a significant material impact.*
- *In the report, the patios are identified as having "undulations and various cracks in the paving". This damage is visible from the photographs but I consider it to be relatively limited and while the surface is damaged and uneven in places, I've not seen evidence which persuades me the patios and garden were rendered unusable, given the apparently relatively limited area affected in relation to the total patio area. And I have to keep in mind the photos included in RSA's agent's report/SOW in October 2020 show the patio apparently still being used with a sun lounger, garden table and chairs and children's toys all present on it, apparently in use.*
- *Overall, I can see how the damage to the patios would have been inconvenient and unsightly but I'm not satisfied I've seen enough to be satisfied the garden was unusable.*
- *I've kept all of this in mind when reaching my decision on what I consider to be appropriate compensation*

Interest on the cash settlement

- *Mrs H says RSA should pay her interest on the amount of the cash settlement over the period of the delay as RSA had the benefit of it over that time and she didn't. In particular, she says she was out of pocket for the cost of the fence repairs - £2,385 - which she paid in June 2020. So I've gone on to think about this.*
- *Communications about a cash settlement seemingly started in March 2021 and it's clear from the evidence there was much back and forth between RSA and Mrs H from this time, over the summer of 2021 and beyond. There were discussions about the relative cost of the quotes Mrs H obtained and the extent of the work that was and wasn't claim related.*
- *Negotiations about the size of the settlement continued. In her email of 26 September 2021, Mrs H said the works would cost in the region of £29,600 and as a consequence, she rejected RSA's offer of £21,500 as she said this didn't cover all the claim related damage.*
- *In the same email, Mrs H told RSA she would accept a settlement figure of £24,635 in settlement of the claim.*
- *In response, in its email of 29 September 2021, RSA said it would agree to Mrs H's proposal subject to some conditions including that the offer was made in full and final settlement of the insurance claim.*

- *Mrs H responded in her email of the same date confirming she accepted the payment of £24,635 (less the £500 excess) in full and final settlement of the claim. She provided details of her bank account and a couple of days later, RSA confirmed the payment had been authorised and would be received in Mrs H's designated account in three to five working days.*
- *So, I'm satisfied once the negotiations were complete and Mrs H accepted the offer, RSA were prompt in making payment.*
- *I've thought about Mrs H's request for interest to be paid on the settlement amount over the period of the delay. I acknowledge Mrs H said she felt pressured into accepting the earlier lower offer from RSA. But I have to keep in mind here, after the period of negotiation, Mrs H ultimately proposed the size of the cash settlement and RSA agreed to this to bring the claim to a conclusion. Mrs H confirmed she accepted the amount she'd requested was in full and final settlement of the claim*
- *With all this in mind, and in the particular circumstances of this complaint, I'm not persuaded it would be appropriate for me to tell RSA it now needs to pay interest on the settlement that both parties agreed as full and final.*
- *Turning to the fence repairs, RSA says Mrs H only told it in June 2021 about the amount she'd had to pay for these and so it questioned whether it was fair for our investigator to say it should pay interest on this amount.*
- *Even if I accept this is the case, RSA ultimately accepted these repairs were included within the claim related damage and providing Mrs H can evidence the dates and how much she paid, in the spirit of resolving this complaint and in light of the small amount involved, I will be directing RSA to pay the interest.*

The lack of response to Mrs H's complaints

- *Having carefully considered the claim correspondence, it's clear to me Mrs H attempted to make formal complaints on a number of occasions in the earlier stages of the claim but RSA didn't deal with these. It's acknowledged this in its final response in June 2019 but I won't be considering what happened for the reasons I've explained before.*
- *It's also clear to me that this problem reoccurred after this final response and this is acknowledged in RSA's claim notes. The department that received the complaint forwarded it on to another department which then failed to reply on a number of occasions.*
- *I can understand why RSA apparently ignoring Mrs H's dissatisfaction and requests to make formal complaints must have been very frustrating on top of the impact of the delays. RSA has fallen short here and I would remind it of its regulatory responsibilities for handling consumer complaints. I have kept in mind its shortcomings and the impact of these when reaching my decision on the award it should make to Mrs H.*

Increased insurance premiums

- *Mrs H says because the claim took longer than it should have done and was showing as outstanding when the policy renewed in 2020, she was limited in her choice of alternative insurers. As a consequence, she had to accept the increased premium RSA was charging. She's provided an alternative quote which she obtained in May*

2021 based on the claim having been settled and this is approximately £150 cheaper than the premium she paid to RSA. I'll be directing RSA to pay Mrs H £150 to reflect the higher premium she paid as a result of the delays.

- I acknowledge that this won't provide an exact figure as the quote was obtained at a different time than the renewal but I'm satisfied it's a fair way to estimate the higher premium Mrs H paid in 2020 due to RSA's delays.
- Mrs H says she didn't complain about this issue in her previous complaint addressed by RSA in its final response in June 2019 and RSA has accepted we can consider this. I've not been provided with any evidence of alternative quotes which enable me to consider the previous renewal year with any real accuracy and as the years pass, evidence of a renewal price from May 2021 becomes less relevant to what would have actually been charged at the 2019 renewal. Our Investigator recommended RSA should pay a further £100 to reflect an estimate of the increased premium and RSA agreed. I consider this a fair and reasonable way for this aspect of the complaint to be settled.
- Mrs H says the claim should have been resolved by the December 2018 renewal date so she was charged a higher premium this year too. For the reasons I've explained in a previous decision about why I can't look at the entire life of the claim from 2018, I'm not making a decision on whether the claim should have been resolved before the 2018 renewal. Whether the renewal premium was impacted by any perceived delay requires me to make a merits-based decision on whether the claim should have been settled before then. Because I can't look at that period I'm unable to make a determination with regards to the renewal in December 2018.
- While our Investigator said RSA should pay these amounts as part of the compensation, as Mrs H has had to pay increased premium costs at the time of the two renewals in the period under review, I'm also going to direct RSA to pay interest at the rate of 8% simple per annum from the dates the premiums were paid until the date of settlement. I consider this fair and reasonable and a pragmatic way to resolve this part of the complaint.

Putting things right

I'm currently minded to say the complaint should be resolved in the following way:

- I've thought about this case very carefully and considered in detail all that the parties have said. And having done so, I have concluded that RSA should pay Mrs H £1,500 for the distress and inconvenience it caused and the impact of its poor claims handling including delays, the frustration over its poor communication and failure to respond to complaints about the claim handling process together with the impact on Mrs H's ability to use and enjoy her garden and house as she wanted to. For all the reasons I've detailed above, I consider this to be fair and reasonable in all the circumstances.
- It should also pay £250 in recognition of the impact of the delays on the increased premiums Mrs H is likely to have been charged while the claim remained unresolved, together with interest at 8% simple per annum* on the amounts from when they were paid until when RSA reimburses them to Mrs H on receipt of supporting documentation.
- For the reasons I've explained above, RSA should pay interest at 8% simple on the money Mrs H paid for the fence repairs from August 2020 (when I think RSA could

have settled the claim) to when it made the cash settlement in October 2021 on receipt of supporting evidence to show the dates and amounts paid.”

Mrs H responded to say she accepted my provisional decision. RSA didn't provide any further comments or evidence for me to consider.

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.

In the absence of any further comments or evidence from the parties, and having thought about everything again carefully, I remain satisfied the outcome I reached, and the direction I detailed, in my provisional decision are fair and reasonable in all the circumstances.

My final decision

My final decision is that I uphold this complaint and direct Royal & Sun Alliance Insurance Limited to pay Mr and Mrs H:

- £1,500 for the distress and inconvenience it caused due to its poor claims handling detailed above
- £250 for the increased premiums, together with interest at 8%* simple per annum in line with what I've said above.
- Interest at 8%* simple per annum on the £2,385 from 1 August 2020 to 21 October 2021, in line with what I've said above.

Royal & Sun Alliance Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr and Mrs H accept 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 Royal & Sun Alliance Insurance Limited considers that it's required by HM Revenue and customs to deduct income tax from that interest, it should tell Mr and Mrs H how much it's taken off. It should also give Mr and Mrs H a tax deduction certificate if they ask for one so they can reclaim the tax from HM Revenue and customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H and Mr H to accept or reject my decision before 15 March 2024.

Paul Phillips
Ombudsman