

The complaint

Mrs S complains that Royal & Sun Alliance Insurance Limited (RSA) has unfairly refused to meet a claim she made under her household insurance.

What happened

Mrs S holds a property insurance policy for her home, which is about two hundred years old. In late 2022, when she noticed problems with her kitchen floor, she discovered that two leaks (from a valve and a dishwasher) had caused damage that had been developing unseen.

Mrs S approached RSA to make a claim and RSA arranged for her kitchen to be dried out. When it came to repairing the damage, RSA sent several contractors including a specialist in damp issues to look at the damage. Based upon the reports it received it said the main cause of damage was rot that had developed over some time and in part reflected how the house had originally been built. RSA said it wouldn't meet the claim as Mrs S's policy didn't cover rot.

Mrs S complained to RSA. RSA offered some compensation for the delays in dealing with the claim, but said it wouldn't meet the claim itself. Mrs S asked us to review her complaints. She subsequently accepted the offer of compensation for the delay.

Our investigator looked at the reports commissioned by RSA and said that he thought it reasonable that RSA rely on these when deciding if it need meet the claim. So he didn't think RSA needed to do any more.

Mrs S didn't agree and sent us some photos that contradicted a conclusion in the specialist's report. That report said there was no externally visible ventilation provision – but Mrs S sent photos of airbricks to show they were there. She told us that her plumber had said the rot in the joists was localised and where he'd expect it to be given the nature of the leak. Mrs S also sent a copy of the quote for repairs which came to about £28,000. Finally she noted that she hadn't been reimbursed for electricity used during the drying process despite sending meter readings, and has been left with a large hole in her floor.

We asked RSA for further comment and it said it would review the claim again. That was several months ago, but RSA didn't respond, despite telling Mrs S it was dealing with the review. We asked RSA to send us something by the end of March after which we'd issue a decision without the benefit of comments from RSA.

I issued my provisional findings in early April. In summary these were:

- That an insurer needs to take into account all the information it receives – not just that from its own contractors. I didn't think RSA had taken note of information from Mrs S or her plumber when deciding not to meet the claim.
- That the information contradicted the opinion from RSA's contractor, in that it explained the floor had been ventilated when the contractor thought it hadn't. And I

noted RSA's own contractor said that the leaks had most likely contributed to the rot under the floor.

- That information about using a tumble dryer in the area was erroneous so should be ignored.
- That Mrs S had cover for an escape of water and this did occur. I acknowledged that the policy didn't cover rot – but RSA's own specialist said the leaks contributed to the damage, which built up unseen over a period of time. That's the sort of damage normally covered by accidental damage cover – and Mrs S has this.
- RSA said it would reconsider the claim – but despite having had months to do that hadn't contacted Mrs S in any meaningful way.
- I thought a fair resolution was for RSA to pay for half the cost of the repairs to the floor and in total for any units damaged by the leak. I thought RSA should pay 100% of the cost of any building consent, buildings regulations involvement and access costs as these would be needed however much work was to be carried out.
- I also thought RSA should pay for 100% of the costs of a new waterproof barrier if building regulations required this.
- I didn't think RSA need pay for all the costs given its responsibility is to return Mrs S to the position she was in before the leak, not necessarily to a better condition.
- I noted that Mrs S had been left with a hole in her kitchen floor for many months after an emergency repair carried out under the home emergency part of her policy. I thought RSA should make good this damage on a temporary basis, given Mrs S has trace and access cover on her policy.
- Finally I thought RSA should compensate Mrs S for the way it's treated her, taking into account the lack of progress and communication in this claim, which has continued whilst we've been reviewing the complaint. I said I intended to ask RSA to pay £750 to make up for this.

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.

Mrs S accepted the provisional decision.

RSA hasn't responded, other than to check whether the £750 included £300 it says it's already paid Mrs S. We explained that the total compensation should be £750. Mrs S showed us that she's only received £150, not the £300 RSA says it's paid.

Mrs S also told us that she's concerned because, just after receiving the provisional decision, she also got a letter from RSA saying it wasn't going to meet the claim. I haven't seen that letter, but I can confirm that this decision should take precedent as RSA hasn't sent me any new evidence as to why it need not meet the claim.

Putting things right

RSA should now meet this claim. It should:

- Pay the relevant contribution for any work Mrs S has had done or arrange for the repairs through its own contractors. I'll leave it with Mrs S to decide which route she prefers.
- The relevant contribution is 50% of the cost of floor repairs plus 100% of the cost of any units damaged by the leak. It should also meet the full cost of building consent and regulations, access costs and for a waterproof membrane if building regulations now require this.
- If RSA makes a cash settlement payment then I don't think it's fair for it to discount this to the amount it would pay its own contractors, as it normally would. That's inappropriate given the length of time this claim has been outstanding.

For clarity that means RSA must meet its proportion of any reasonable costs that Mrs S incurs in repairing the floor – including for any unforeseen issues that might arise, as commonly happens when major work starts. It should arrange for temporary repair to her kitchen floor if work isn't to start straight away and refund drying costs if it hasn't already done so. I don't know whether Mrs S will be able to remain in her home whilst work is carried out, but if she can't I'd expect RSA to deal with temporary accommodation in line with the terms and conditions in the policy.

RSA should also pay Mrs S £750 compensation. It can deduct from this any money it can show us it's already paid. At present there seems to be £600 to pay.

I'm going to ask that RSA undertake to contact Mrs S within 14 days of her accepting this decision (if not sooner) and commit to making substantial progress on this claim as soon as practicable. I wouldn't normally give an insurer timescales, but this claim appears to have gone awry within RSA's own systems, so it seems appropriate here.

My final decision

My decision is that I uphold this complaint and I require Royal & Sun Alliance Insurance Limited to settle this claim as described above and pay any outstanding compensation forthwith.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 10 June 2024.

Susan Peters
Ombudsman