

The complaint

Mr and Mrs H complain that Royal & Sun Alliance Insurance Limited (RSA) hasn't either dealt with or settled a claim fairly.

What happened

Mr and Mrs H have a home insurance policy with RSA. It provides cover for their home and its contents, and includes cover for accidental damage to the buildings. In January 2023 Mr and Mrs H noticed water dripping through part of an upstairs ceiling and a short while later this collapsed, causing damage to their landing walls and carpet. Mr and Mrs H approached RSA to make a claim for what they believed was storm damage, and RSA agreed to consider the claim.

RSA's surveyor visited the property and said the damage he could see externally wasn't typical storm damage – he said the cause of the damage was unknown. RSA said weather reports didn't show there was a storm immediately before Mr and Mrs H's ceiling collapsed, and that it wouldn't meet the claim under the storm damage part of the policy. It did however say that it could cover the damage caused to the carpet that was damaged when the ceiling fell, under the accidental damage part of Mr and Mrs H's policy. When one of RSA's contractors went to look at the damaged carpet, they reported that the carpet wasn't in good condition before the ceiling fell in. They said if it had been, they'd likely have been able to clean the relevant area rather than replace the carpet in its entirety. So RSA offered Mr and Mrs H the cost of the cleaning as settlement - £115, less their policy excess of £100.

Mr and Mrs H complained, saying firstly that they believed there had been bad weather at the time and also that their carpet was in good condition before the ceiling collapsed. They provided a repair estimate of £5,628 before VAT.

RSA reassessed the claim and offered to settle at £3,165. That was made up of £3,050 towards the repairs RSA said were caused when the ceiling collapsed and £150 towards the carpet. It didn't include repairing the ceiling itself.

Mr and Mrs H complained to us about the delays and lack of communication they'd experienced during the claims process, and the settlement amount.

We initially only looked at the way the claim had been handled, in particular the lack of communication, and thought it reasonable that RSA should pay £150 for this. RSA showed that it had been trying to contact Mr and Mrs H and had left voicemail messages on their phone even though Mrs H said she didn't receive these. We cleared up one error RSA made when it provided the wrong contact phone number by mistake.

After this we looked at the claim itself, and our investigator said she thought the offer was reasonable as RSA had only excluded from the offer repairs it didn't think Mr and Mrs H had cover for – essentially the ceiling that collapsed.

Mr and Mrs H don't think either the compensation or the settlement are fair so I was asked to decide the complaint.

I issued my provisional findings on this complaint in late May. In that I said, in summary:

- There were two main elements to the claim – the damage to the ceiling and walls and the subsequent damage to the carpet.
- RSA offered to cover the cost of repairs to the walls and skirting in line with the estimate Mr and Mrs H provided, and I thought that was fair. I thought also that if Mr and Mrs H had to pay VAT on the repairs, RSA should refund this if Mr and Mrs H provided evidence of payment.
- RSA said it need not meet the cost of the ceiling repairs. There have been various reasons given. These include the absence of a storm, wear and tear, damage building up gradually and that the underlying lath and plaster had reached the end of its useful life. I agreed there was most likely no storm, but I saw no evidence that there was either wear and tear or that the ceiling had reached the end of its useful life. It seemed clear the ceiling collapsed because it got wet.
- The offer RSA made was under the accidental damage part of the policy. Essentially RSA said the damage to the walls etc was caused “accidentally” when the ceiling fell so it will cover these costs. That seemed reasonable.
- Accidental damage cover is also generally interpreted as covering damage that has been building up unseen and that a reasonable customer wouldn’t have known about. So I bore that in mind when thinking about whether RSA should cover the damage to the ceiling.
- I could see that RSA relied upon reports from its contractor when deciding to not pay this part of the claim. Whilst I thought that reasonable, I also noted anomalies between what the surveyor recorded at the time he visited the property and the later written reports. I thought the later reports might have led RSA to inadvertently reach the wrong decision about this claim.
- I said that because when listening to the voice recording from the visit the surveyor *didn’t* think some visible external damage to the roof had contributed to the internal damage. He concluded the cause of the damage was unknown. I thought this was likely more accurate than later written reports.
- I thought that if the surveyor couldn’t identify a cause of damage then Mr and Mrs H couldn’t reasonably be expected to have known about it either.
- I concluded that I thought RSA should increase its settlement to £5,628 (plus VAT if appropriate) minus any excess as described in the terms and conditions. For clarity I didn’t think RSA should cover any repairs to the roof as the damage there appeared to be longstanding. I said I thought Mr and Mrs H should deal with that, if only to prevent other damage occurring in the property that might not then be covered by their policy.
- Turning to the damage to the carpet, RSA offered to cover the cost of cleaning this. I thought that was in line with an insurer’s normal obligations and would return Mr and Mrs H to the position they’d been in before the damage occurred. I was satisfied RSA had shown the carpet was in poor condition and likely couldn’t be successfully cleaned. I didn’t think it was fair to ask RSA to increase its offer for the carpet, which remains at £115.

- Our investigator thought £150 was an appropriate amount to compensate Mr and Mrs H for the delays and way RSA had handled this claim, and I thought that fair. I accepted the claim took a long time to resolve, but not all of the delays were RSAs fault. I was satisfied that RSA has shown that it did attempt to make contact with Mr and Mrs H even if that was unsuccessful on several occasions. However, as I thought RSA had caused additional delay and inconvenience by reaching an incorrect decision on meeting the claim, I thought RSA should pay an additional £150 compensation, bringing the total to £300. If RSA had already paid some of this, it could deduct the amount from future payments.

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.

Both parties have accepted my provisional findings, so I see no reason to depart from these. I'm upholding this complaint.

Putting things right

RSA should now settle this claim in line with any other terms and conditions in Mr and Mrs H's policy. I expect that to be by paying Mr and Mrs H £5,628 in line with the repair estimate, plus VAT if appropriate, and £150 for the carpet, minus any applicable excess that applies to the claim. It should also pay Mr and Mrs H £300 compensation for the way it dealt with the claim – less any monies already paid.

My final decision

My decision is that I uphold this complaint and require Royal & Sun Alliance Insurance Limited to meet the claim and pay compensation as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 18 July 2024.

Susan Peters
Ombudsman