

The complaint

Mr and Mrs M complain about the way Royal & Sun Alliance Insurance Limited ("RSA") has handled a claim for subsidence.

Any reference to RSA includes the actions of its agents. As Mr M has been leading on this complaint, I've referred to him throughout my decision.

What happened

The circumstances of this complaint are well known to both parties, so I've summarised events.

Mr M has a home insurance policy which is underwritten by RSA. In August 2022, he made a claim on his policy having noticed damage to his property.

RSA appointed its loss adjuster to manage the claim who told Mr M that because the cause of the damage was unclear, the property would need to be monitored for a period of six months, until March 2023.

Around the same time, RSA arranged for a contractor to visit Mr M's property to determine the extent of a temporary repair. But it said doing so didn't mean it was accepting the claim. Monitoring commenced in mid-October 2022.

In early March 2023, Mr M contacted RSA to say the temporary repair hadn't happened, and that the gap between his and his neighbour's property had widened. Adding it had been exposed to wind, rain, and pests in the meantime.

RSA's loss adjuster apologised for the delay in carrying out the temporary repair. It said it was awaiting the final monitoring readings before determining the cause of the damage.

Mr M's concerns about how the claim was being handled were referred to RSA. The final monitoring reading was taken in March 2023. It seems the temporary repair was also carried out around this time.

The following month, RSA said further site investigations were needed - regarding the depth of the foundations and the impact of a previously felled tree - before the claim would be accepted.

Mr M says this was a change in position. He added he'd been told at the time of the initial visit that the stump of the previously felled tree wasn't proximate enough to be causing an issue and so, he queried why it was only just being looked into.

Around this time, Mr M raised concerns about the impact the handling of the claim was having on his and Mrs M's mental health. He explained he was concerned about RSA's decision to stop monitoring the property as movement had only been monitored during the winter months.

In May 2023, RSA issued a final response letter in which it acknowledged there were delays

in authorising the temporary repairs, which led to the damage worsening. It said the additional damage would be considered as part of the claim. It also offered £500 compensation.

In June 2023, site investigations were undertaken including soil analysis. In early July 2023, Mr M asked RSA for an update. He said the contractors had caused considerable damage to his patio and a drainpipe when carrying out the investigations. RSA provided assurances the damage would be fixed and said soil results would be available in the next few weeks.

In early August 2023, Mr M chased RSA for an update saying there'd been no repair to the patio or drainpipe. RSA said it had authorised for a contractor to "make safe" the patio area. Some back and forth between the parties ensued regarding the handling of the claim. Unhappy with how things had continued, Mr M raised a second complaint with RSA.

The loss adjuster's report dated August 2023 said the site survey hadn't provided conclusive results that there was subsidence or root induced clay shrinkage and so, recommended an arborist's report be carried out together with further monitoring.

Separately, in response to Mr M's second complaint, RSA said it wouldn't be able to investigate his concerns within the eight-week timeframe, and so, in November 2023, gave referral rights to this Service. Mr M referred the matter to this Service soon after.

In December 2023, RSA told Mr M monitoring would continue until March 2024 so it could see the pattern of movement affecting his property. It said given the high plasticity content of the clay recovered from the trial pit/boreholes, the cause of movement couldn't be root induced clay shrinkage. It said it had asked for a subsidence consultant to undertake a comprehensive review of the claim to then discuss it with Mr M.

In January 2024, an Investigator considered the complaint and upheld it saying RSA needed to pay Mr M an additional £500 to recognise the difficulties its handling of the claim had caused him.

RSA accepted the Investigator's findings, but Mr M disagreed. He said RSA were responsible for delays which had directly impacted his ability to sell his property. He said this meant he wasn't able to use the proceeds of sale to pay an inheritance tax bill, which he said was accruing interest on a daily basis.

The Investigator considered Mr M's point, but it didn't change her mind. Ultimately, she considered there to be too many unknowns with the potential sale of the property to reasonably conclude RSA should cover the interest. Because Mr M disagreed, the complaint has been passed to me for an Ombudsman's 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.

I've also kept in mind RSA's responsibilities as an insurer - as set out in the Insurance Conduct of Business Sourcebook (ICOBS) - to handle claims promptly, fairly and to not unreasonably decline a claim. Having done so, I agree with the outcome our Investigator reached.

Before I explain why, it's important to clarify the scope of this complaint. I appreciate things will have likely moved on since the Investigator gave their view of the complaint in January 2024. Whilst RSA provided a final response in May 2023 to Mr M's first complaint – it didn't

investigate his second complaint. Instead, it provided him with referral rights to this Service.

As the claim was ongoing at the time of the Investigator's view, I consider it reasonable to review how the claim had been handled until that point. So, if Mr M has concerns about how the claim was handled after this date, he'll need to refer these to RSA before this Service can become involved.

I'm also only addressing those issues I consider key to determining the complaint. My intention isn't to be discourteous but rather reflects the informal nature of this Service. So, if I haven't commented on something, it's not that I haven't considered it but is instead that I don't consider it to be material to the outcome.

Temporary repairs

Turning to how the claim has been handled. It's not in dispute RSA caused avoidable delays in respect of the temporary repair it had agreed to cover. And it has recognised it handled this element of Mr M's claim poorly. It seems the temporary repair didn't go ahead on time because RSA hadn't told the contractor the works were authorised and could commence.

Understandably, it was concerning for Mr M to live with the damage. And whether the damage to his property would worsen - without a temporary repair having been carried out - was a worry for him.

To put things right, RSA told Mr M any additional damage caused as a result of its inaction would be covered as part of the claim. It also recognised the impact its handling of this matter had on Mr M by offering £500 compensation. On the face of it, I consider these steps to be a fair and reasonable way of resolving this particular issue.

Progressing the claim

RSA has to deal with claims promptly. What's prompt will depend on the nature of the claim and the extent of the damage.

I've already addressed that RSA didn't carry out the temporary repairs when it should have done. But from what I've seen, this didn't directly impact how the claim progressed in terms of the overall time taken. I say this because during the time in which the temporary repair ought to have been carried out, the property was being monitored for movement – which would have always had to happen regardless of the temporary repairs.

The claim notes show monitoring readings were taken for six months until March 2023 – which was around the time Mr M brought to RSA's attention again that the temporary repair hadn't happened. So, whilst I appreciate Mr M considers RSA to have delayed matters by six months owing to the lack of temporary repair, I don't consider that to be an entirely accurate reflection of what's happened.

RSA, on the advice of its experts, decided to monitor the property for six months before determining if the claim was covered by the policy. It couldn't have reasonably known what the initial monitoring would reveal prior to it taking place. And when the monitoring didn't reveal the cause, RSA undertook site investigations before determining further monitoring was required.

RSA has to satisfy itself there's a valid claim and if there is, it needs to establish how it will provide a lasting and effective repair. Monitoring the property and carrying out site investigations are a few of the ways in which it may choose to do this. And here, as site investigations and initial monitoring hadn't revealed the cause of the damage, I'm satisfied

RSA's decision to carry out further monitoring wasn't unreasonable in the circumstances.

But what *is* concerning is that there's a period of a few months - after the initial monitoring ends in March 2023 - where arguably things didn't progress as quickly as they could have. I say this because site investigations didn't happen until early June 2023 - a couple of months after monitoring had finished. It's not clear why it took this long.

Furthermore, following the site investigations, it then took until the end of August 2023 for a decision to be made to appoint an arborist. Whilst I appreciate RSA were awaiting the results of the soil analysis during this time – saying these were expected in mid-July – it's unclear why it took a further six weeks to provide Mr M with an updated position. And as things stood in November 2024, an arborist hadn't attended Mr M's property. So, I'm satisfied there were avoidable delays during this period which hindered how the claim progressed.

Communication

From reviewing the claims notes, it's evident RSA hasn't kept Mr M as regularly updated as it should have done. I've seen numerous examples where Mr M has had to chase RSA for a response to his emails – with RSA taking weeks to reply to him, if at all.

Disappointingly, calls he was promised didn't happen, and having to deal with a multitude of people in relation to the claim, made things more difficult. Understandably, the poor communication together with RSA's failure to respond to his second complaint, compounded what was already a stressful situation for Mr M.

Selling the property

Mr M says he intended to sell the property and use the proceeds to pay an inheritance tax bill. He's said RSA's inaction impacted his ability to sell the property which in turn meant his tax bill accrued interest for longer than was necessary.

I don't doubt Mr M's intentions, but I'm not persuaded it's reasonable to direct RSA to pay the interest he says he's avoidably accrued. As our Investigator explained, there are simply too many unknowns with regards to the *potential* sale of his property. There's no way of knowing if it would have sold, when it would have sold, or how much it would have sold for, to name a few. There isn't a tangible comparator for what would have happened had the delay not occurred. And so, I can't reasonably say any delay in paying the bill is solely due to RSA progressing the claim.

Putting things right

Based on what I've set out above, I consider compensation totalling £1,000 to reasonably reflect the difficulties Mr M has experienced. If RSA has already paid £500 compensation - as set out in its final response - it can deduct this from the total amount of compensation it needs to pay.

At the time of the Investigator's view, monitoring was still going on and RSA hadn't reached a position as to whether it was accepting a claim for subsidence or not. It's not my role to review the claim, it is rather to review the complaint. So, whilst I appreciate Mr M wants clarification as to what will happen with his claim, that's simply not within the scope of my decision. But RSA is aware of its responsibilities set out in ICOBS and I'd expect it to adhere to these with its continued handling of Mr M's claim.

My final decision

My final decision is I uphold this complaint and direct Royal & Sun Alliance Insurance Limited to:

- Pay Mr and Mrs M an additional £500 compensation.

RSA must pay the compensation within 28 days of the date on which we tell it Mr M and Mrs M 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.

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

Nicola Beakhust
Ombudsman