

The complaint

Mr and Mrs A complain about the way Royal & Sun Alliance Insurance Limited (“RSA”) handled a claim they made on their home insurance policy for damaged caused by subsidence.

What happened

Mr and Mrs A noticed damage to their property in 2018, RSA accepted a claim under the policy for subsidence damage. The cause of the damage was a tree owned by a council, which was eventually removed. Repairs were completed in 2023, however Mr and Mrs A raised several complaints throughout to RSA.

RSA issued two complaint final response letters (FRLs) in 2022; one in July and one in October. It also sent a further FRL in May 2023.

In November 2023, Mr and Mrs A brought their complaints to the Financial Ombudsman Service.

An Investigator here said the complaint responses of July and October 2022 had been referred to our Service too late. A separate decision has been issued deciding we cannot consider those complaints.

Our Investigator did consider the complaints that was answered by RSA on 26 May 2023. The FRL looked at delays from October 2022. RSA accepted there had been more avoidable delays caused, and poor communication relating to timescales of being reimbursed for alternative accommodation (AA). RSA offered £300 compensation as an apology for its mistakes.

Mr and Mrs A also received a further FRL from RSA in January 2024, which our Investigator was also able to consider. In that complaint response, RSA accepted there had been further delays in responding to Mr and Mrs A’s concerns about the works completed. It offered £450 compensation for the impact of those delays.

Having considered both complaints, our Investigator didn’t think RSA’s offer of a total of £750 was enough to recognise the distress and inconvenience caused by RSA’s avoidable delays and poor claim handling. She thought Mr and Mrs A had suffered considerable distress and inconvenience and disruption to their daily life for a considerable amount of time. She thought £2,000 was fair compensation to reflect the impact of RSA’s mistakes. RSA accepted that outcome, Mr and Mrs A didn’t. They thought £5,000 compensation should be paid. They said Mr A’s health in particular had been severely impacted by the stress of the claim.

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.

It's not in dispute that RSA caused avoidable delays, and therefore unnecessary distress and inconvenience, to Mr and Mrs A from 11 October 2022 until 17 January 2024 (which is the period that I'm considering in this decision.) So I won't repeat the issues faced in detail. However, I have read, and considered, everything both parties have provided.

In October 2022, RSA confirmed it was moving to the repair stage, however it wasn't until June 2023 that repairs did start on the property. Some of that, as RSA accepts, was caused by avoidable delay. For example, I can see from the claim notes that in January 2023 Mr and Mrs A asked if they could be put into AA whilst works were ongoing, given the works needed and Mr A's health. It wasn't until the end of March 2023 that this was resolved, and RSA agreed to fund AA for the entire period the works were needed. I consider this decision should have been taken quicker. It likely would have allowed repairs to start earlier.

I do accept that sometimes delays at this stage can't be avoided, for example items in need of replacement needed to be ordered, and contractors lead times needed to be factored in, but I consider RSA was responsible for around four months of delay between October 2022 and the works starting in June 2023. And this caused Mr and Mrs A unnecessary distress and inconvenience.

Almost as soon as the works started, Mr and Mrs A raised concerns with RSA as to the quality of the work. I consider RSA handled some of the concerns reasonably. However, once RSA said repairs were complete, I don't consider it then reviewed Mr and Mrs A's concerns about further cracks, as quickly as it should have done. Mr and Mrs A raised those concerns as early as September 2023. It wasn't until November 2023 that a joint site visit was agreed to assess the works. And in January 2024, RSA accepted that some of the issues raised by Mr and Mrs A hadn't been done by the contractor when carrying out initial repairs. So it seems had a proper repair been carried out in summer 2023, this could have been avoided.

So I can understand Mr and Mrs A's frustration with the claim, missing repairs and general delays in the claim between October 2022 and January 2024. And I'm satisfied this caused them a significant amount of distress and inconvenience. I also bear in mind that this will have been exacerbated by Mr A's health, which I've taken into account when deciding on an appropriate award.

However, I also have to bear in mind that however well an insurer handles a claim, having to make a claim itself is distressing and inconvenient. Having subsidence damage to your home will always cause worry and disruption. That isn't what this Service awards compensation for. We can't award compensation for the distress caused in making a claim (and Mr and Mrs A's policy with RSA doesn't cover any payment for this either). Our awards are to recognise the unnecessary distress and inconvenience caused by a business when mistakes happen.

Taking account of the timeframe I'm considering; I'm satisfied that £2,000 compensation is in line with our approach for these awards. So, I'm satisfied this is what RSA should pay to resolve this complaint. Mr and Mrs A have said their time dealing with the claim and RSA has alone equals about £2,000 based on their hourly rate. I've taken into account that they often had to go to more effort than should reasonably be expected to sort things out, but I'm not satisfied that RSA should reimburse them, at their requested hourly rate, for their time. It would be impossible, for example, to separate what would be reasonable amount of time spent handling matters, had the claim gone smoothly, and what was caused only as a result of RSA's mistakes. This is why our approach to awarding distress and inconvenience payments looks at the overall impact.

I'm aware there are ongoing issues in this claim. I know RSA has issued a further complaint response. If Mr and Mrs A would like this Service to consider it, we can do so, subject to our usual rules including those involving time limits.

My final decision

My final decision is that I uphold this complaint and I direct Royal & Sun Alliance Insurance Limited to pay Mr and Mrs A £2,000 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs A to accept or reject my decision before 28 October 2024.

Michelle Henderson
Ombudsman