

The complaint

Mr M and Mrs P have complained about the way Royal & Sun Alliance Insurance Limited ("RSA") has handled a claim made under a home insurance policy.

Mr M has primarily dealt with this matter, so I'll refer to him only for ease of reading.

What happened

The circumstances aren't in dispute, so I'll summarise the background:

- Mr M got in touch with RSA in August 2020 to make a claim for damage to his property. It appointed a loss adjuster, C, to handle the claim. C accepted the damage was caused by subsidence and covered by the policy. It arranged for investigations to be carried out, including soil testing, arborist advice and monitoring.
- C said the subsidence problem had been caused by vegetation. After that was removed, C said the property had been stabilised and was ready for repair. It set out settlement options, including a cash settlement, in June 2023.
- Mr M didn't think the scope of works C had prepared took into account all the damage, so the cash offer for repairs was insufficient. And nor did the offer include related costs, such as removal and storage of furniture, or alternative accommodation. He provided photos and asked C to increase its offer. When he didn't hear back promptly, Mr M complained about the offer and the way the claim had been handled.
- RSA conceded there had been delays and poor communication by C throughout the claim and paid £1,000 compensation to recognise the impact of that. To progress the claim, RSA said Mr M could provide a detailed quote from a builder of his own, or C could consider the matter further.
- Our investigator thought RSA had handled the claim poorly, but its compensation payment was a reasonable remedy to that. And he said the way RSA had proposed to progress the claim was reasonable.
- Mr M didn't agree and provided comments. Much of the focus was on RSA's reliance on C to handle and settle the claim. Mr M thought RSA should take more responsibility for the claim and have direct involvement in it. He asked for the complaint to be referred to an Ombudsman.
- Later, RSA and Mr M agreed to settle the claim by cash payment, and RSA provided him with a certificate of structural adequacy.

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 accepted the damage was caused by subsidence and covered by the policy, so there's no dispute about that.
- When the complaint was raised and referred to this Service, it was partially about how the claim should be settled. Since then, RSA and Mr M have agreed to settle the claim by cash payment. And RSA has provided Mr M with a certificate of structural adequacy. So these points aren't in dispute any longer.
- The main point of the complaint is about how the claim was handled. In particular, RSA's decision to delegate the claim in its entirety to C. That remains in dispute, so that's what I'll focus on.

Appointment and role of C

- I understand Mr M considers RSA should have handled and settled the claim directly with him. Or, at most, it should have had C carry out investigations and provide information to RSA for it to make settlement offers and the like. In his view, it shouldn't have delegated the entirety of the claim, especially its settlement, to C.
- As underwriter of the policy, RSA is responsible for any claims made. And it's required by regulation to handle claims promptly and fairly, amongst other things.
- RSA, like any insurer, is entitled to appoint agents and representatives to handle the claim on its behalf – in part or in its entirety. But RSA remains responsible for the claim and ensuring it's handled promptly and fairly. That requirement doesn't change. But there's no requirement for RSA to be directly involved in the claim, to any extent.
- It's common industry practice for an insurer to appoint an agent or representative to handle a claim. And where the claim is of a more specialist nature, such as subsidence, appointing an agent with relevant knowledge and experience in that specialist area is usually good industry practice. In the context of subsidence, appointing such an agent should ensure a potentially high risk and high cost problem is resolved effectively.
- In this case, RSA appointed C, who has extensive knowledge and experience of handling subsidence claims. So I'm satisfied it was fair and reasonable in principle for RSA to appoint C to handle this claim. And, as above, there was no requirement on RSA to have direct involvement in the claim. So I'm satisfied it didn't need to do that.
- However, I'd expect RSA to ensure the claim was handled promptly and fairly by C. And, if that wasn't achieved, to take steps to put it right. That could include paying compensation and/or closer management of C to avoid problems continuing.

Claim handling

- When responding to the complaint, RSA accepted that C handled the claim poorly, causing severe delays and communicating rarely. RSA appointed C to handle the claim, and either took no measures to ensure the claim was handled as it should have been – or any measures taken were ineffective. In either case, RSA failed to fulfil its requirement to handle the claim promptly and fairly.
- As our investigator has explained to Mr M, this Service doesn't have the power to fine

or punish a business – or require it to change the way it operates in general. Those are matters for the Financial Conduct Authority (FCA).

- This Service has the power to make a limited range of awards. Relevant to this complaint, we have the power to award compensation for distress and inconvenience caused by poor claim handling. We also have the power to direct the next steps for a claim and/or make an award for financial loss – but as this claim has been settled, and no other financial losses have been mentioned, these powers aren't relevant.
- I know Mr M has said he didn't complain to seek compensation. He wanted his claim resolved promptly and fairly, which is understandable after waiting several years for the claim to progress. I understand he also wanted RSA to be made to act differently in relation to his and other claims. But, for the reasons above, the only relevant thing within my power is to consider whether it's fair and reasonable for RSA to pay more compensation for the distress and inconvenience it caused. So that's what I'll do.
- In summary, the claim began in August 2020 and was settled in July 2024 – almost four years later. RSA has recognised the claim took significantly longer to settle than it should have done, because there were severe delays throughout. As this has been accepted, I won't go over the claim history in detail. Instead I'll highlight some of the key points about the way it was handled.
- It took around a year for the initial ground investigations to be completed, but I'd usually expect this to take up to two months at most. Despite that, the investigations weren't reviewed promptly, so a further delay occurred. Similarly, after the arborist identified which vegetation to remove, there was a delay taking steps to have that done – including a six month gap with no action on the claim whatsoever.
- After the vegetation was removed and C said the property was ready to repair, it made an offer to settle the claim by cash payment. When Mr M challenged the amount, and asked C to increase it, it was again slow to react and consider the matter further. It took over three months to respond, by which time the complaint had already been logged. At this stage, the claim was around three years old, had already been subject to prolonged delays, and was a relatively straightforward subsidence claim to settle. Yet C showed no inclination to take the steps to get it resolved promptly and fairly and go some way to putting things right for Mr M.
- Not only were there delays, but also a lack of communication with Mr M. There were frequently gaps of several months between updates. And when C did contact him, it wasn't always clear who was contacting him, for what purpose, or what the next steps for the claim were. Also, when Mr M complained to RSA, it took over three months to provide a response to him. Despite the claim taking four years to resolve, Mr M heard from RSA and C sparingly – even when he complained.
- Taking all of this into account, I agree with RSA there were severe delays and poor communication throughout. There seems to have been very little, if any, measures put in place by RSA to ensure the claim was progressed promptly, with regular and effective communication. Quite frankly, the service Mr M received during the claim was appalling. So I can understand why Mr M may have felt badly let down by the way RSA, through C, handled the claim.
- It's quite clear Mr M was caused considerable distress and inconvenience due to the way the claim was handled. As a result, I think it was right for RSA to recognise that and pay compensation. In the circumstances, I'm satisfied £1,000 is a fair and

reasonable amount. So I won't require RSA to pay anything further.

My final decision

I uphold this complaint.

RSA has already paid £1,000 compensation to settle the complaint and I think that was fair in all the circumstances. So it doesn't need to pay anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs P to accept or reject my decision before 3 January 2025.

James Neville
Ombudsman