

The complaint

Ms F and Mr J are unhappy with the way Royal & Sun Alliance Insurance Limited (“RSA”) handled their water damage claim under their buildings insurance policy.

The policy was held in joint names. For ease of reading and because he brought the complaint, I’ll mainly refer to Mr J throughout my decision. Any reference to RSA should be taken to include agents acting on its behalf.

What happened

This complaint is the second of two investigated by this service for the same claim. Both parties are familiar with the background, so I haven’t repeated the detail here. The following is a summary of what I think are the key events.

In April 2023, Mr J’s home was damaged by an escape of water from a neighbouring property. He claimed under his policy and RSA accepted the claim which included stripping out and replacing the kitchen. Unhappy with the progress of his claim, Mr J complained. RSA issued a final response on 16 October 2023 in which it offered compensation. Mr J brought this complaint to our service out of time, so we have not investigated the merits.

Mr J raised a further complaint with RSA in which he said he didn’t want to project manage the claim; he continued to experience delays, and although RSA paid the disturbance allowance, he didn’t think the compensation for its original oversight was enough. RSA issued a final response on 4 September 2024 upholding the complaint and it offered compensation. We investigated this complaint separately, so no further consideration has been given to matters already addressed in our investigation of events prior to the response date.

The complaint under consideration here is about events addressed by RSA in its final response letter dated 28 October 2024.

Mr J complained to RSA that he and Ms F had experienced further distress and inconvenience.

- There’d been a further delay completing the repairs because the kitchen installation hadn’t been planned for and items had been disposed of in error.
- The alternative accommodation they were staying in wasn’t available for an extended period, so they had to move to different alternative accommodation.
- The new accommodation was without heating and hot water, so a further move was arranged.

Mr J said that because of the way RSA handled the claim, they both suffered significant distress and inconvenience, and they were each signed off work for stress-related illness.

RSA upheld Mr J’s complaint and provided a plan of action for moving the claim forward along with £350 compensation. broken down as follows:

- £200 for the additional two months of delays.
- £50 for the accidental disposal of the kitchen sink.
- £100 for providing unsuitable alternative accommodation.

Mr J didn't think RSA's offer was enough, so he brought his complaint to us.

Our investigator thought RSA had upheld Mr J's complaint fairly, but he didn't think its offer sufficiently compensated Ms F and Mr J for the impact its actions had on their health. He said £750 compensation was appropriate and in line with our published guidelines.

RSA challenged the amount of compensation our investigator proposed but it didn't offer any further comment.

Mr J was happy that his complaint had been upheld but he didn't think the compensation adequately reflected everything he and Ms F had endured and suffered. He asked for further investigation.

As neither RSA nor Mr J agreed, the complaint was passed to me for a 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 decided to uphold Ms F's and Mr J's complaint for the same reasons as our investigator set out in his view.

The relevant regulator's rules say that insurers must handle claims promptly and fairly. I've considered the relevant law and regulator's rules, and, where evidence is incomplete, I've reached my decision based on the balance of probabilities given the available evidence. I haven't commented on every piece of evidence - our rules don't require me to. Instead, I've considered the evidence as a whole and my decision reflects what I think is the right outcome.

RSA hasn't disputed that it caused further delays and that the alternative accommodation was unsuitable. What remains for consideration is whether its offer of £350 compensation was fair and reasonable. Mr J doesn't think it was because it doesn't adequately reflect the distress, inconvenience and effect RSA's mistakes had on his and Ms F's health.

I've noted that Ms F and Mr J were expecting to move back into their home, but RSA said the contractors had failed to account for the kitchen fitting. Also, their kitchen sink and taps had been disposed of by mistake. Because of these mistakes, Ms F and Mr J couldn't move back into their home. The accommodation they were staying in wasn't available for the extended period, so other accommodation was found. Given the time their claim had been ongoing, I can understand Mr J's comments about how disappointing and frustrating it must've been for their move back home to be delayed further. As I understand it, Ms F and Mr J were on holiday when this was communicated to them so there was little they could do.

There's no dispute that the first accommodation wasn't suitable because the boiler wasn't working, so there was no hot water or heating, and the property was in a state of disrepair. Mr J said this particularly affected Ms F's health and the following day they were given other, short-term accommodation. Ms F and Mr J moved again around a week later into more suitable, longer-term accommodation.

Mr J described the upset and inconvenience these additional moves caused, not least

because, initially, RSA said it couldn't arrange an extra night's stay while the new accommodation was made available. So, they thought they'd have to pack and carry their belongings around until the next accommodation was ready.

I've considered the testimony Mr J provided in which he explained how RSA's mistakes affected him and Ms F. He described how they felt deflated each time they returned to their house, which didn't feel like home to them anymore. Mr J said the continued lack of claim progression dominated their thoughts and conversations, leading to stress, resentment, and a lack of sleep because they couldn't switch off. He said their holidays had been intruded upon, often with RSA delivering bad news about the claim progress, giving them little to no respite from the claim. Mr J said he and Ms F became physically and emotionally exhausted. To maintain privacy, I won't go into detail of the specific health matters Mr J described.

Overall, the evidence persuades me that the circumstances of Ms F's and Mr J's claim caused significant distress and inconvenience beyond that which might ordinarily be experienced during a claim of this nature. The Fitness for Work notes provided by the GP, and his testimony of how RSA's claim handling affected his and Ms F's health, is sufficient to persuade me that compensation greater than £350 is warranted.

I understand that Mr J doesn't think £750 is enough, and RSA thinks it's too much. The claim and repairs have taken a long time and, as of its final response, RSA's plan of action effectively confirmed that the repairs still weren't complete. I accept that the compensation won't change how RSA handled things, or the impact its mistakes had on Ms F and Mr J. But I also understand that it's easier for me to stand back and take into consideration only those events covered by RSA's final response, rather than thinking about the damage caused and the claim as a whole.

Having considered the distress and upset described, the significant inconvenience and disruption, and the overall impact of RSA's mistakes on Ms F and Mr J over two months, I'm satisfied that £750 compensation is in line with our guidance and fair and reasonable in the circumstances.

My final decision

For the reasons I've given here, my final decision is that I uphold Ms F's and Mr J's complaint and Royal & Sun Alliance Insurance Limited must:

- pay £750 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F and Mr J to accept or reject my decision before 14 February 2025.

Debra Vaughan
Ombudsman