

The complaint

Mrs B has complained about the way Royal & Sun Alliance Insurance Limited (RSA) dealt with a fire claim under her home insurance policy.

What happened

In November 2022 Mrs B made a claim to RSA after her home was badly damaged by a fire which started in the kitchen.

RSA arranged for Mrs B to stay in a hotel while her home was cleaned and fumigated. Mrs B said the property hadn't been properly decontaminated and the cleaners had caused damage in two rooms. RSA agreed to pay for the property to be recleaned and for the damage.

Mrs B then returned home but didn't have access to a fully working kitchen. RSA paid her a disturbance allowance of £30 a day until it provided some small kitchen items for her to use in her garage. In December 2022 after Mrs B complained again, RSA offered her the use of a kitchen pod, a disturbance allowance of £10 a day payable whether she stayed in her home or with friends or family or she could stay in a hotel. Mrs B chose to stay in her home but thought the disturbance allowance should continue to be £30 a day which RSA later agreed.

Mrs B's kitchen needed to be replaced. A quote for this was obtained in January 2023.

In February 2023 Mrs B told RSA that she should have been given alternative accommodation as she was living and working in very difficult conditions which were making her very stressed. She was waiting for RSA to approve the order for her new kitchen. In April RSA agreed to supply a kitchen pod and continued to pay the disturbance allowance of £30 a day.

The contents claim was processed. A new kitchen was ordered and fitting started in September 2023. The claim was finally settled in December 2023.

Mrs B said the way the claim was handled affected her mental and physical health. She had been unable to care in her home for her parents who had died several months into the claim. She was also unhappy that her premiums would be increased due to the damage caused by RSA's contractors.

Mrs B complained to RSA. It agreed to pay £500 for delays and poor service. As Mrs B didn't think that was enough, she brought her complaint to this service. Our Investigator recommended that RSA increase the compensation to £1,000. RSA agreed but Mrs B still didn't think this was enough.

As Mrs B didn't agree, the matter has been referred to me.

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 have a lot of sympathy for what Mrs B had to go through since the fire caused so much damage to her home. What I need to decide is the extent to which RSA made this worse than it needed to be and if so, what is the appropriate level of compensation for that.

To its credit RSA has accepted that there were lengthy delays and communication issues with this claim which should not have taken over a year to complete. For several months until the kitchen pod was installed Mrs B was confined to a single room with only very basic cooking facilities. The kitchen pod which came later was supposed to be a short-term solution but ended up being needed for nine months. On top of that there was some poor workmanship which would have been upsetting for Mrs B even though RSA accepted responsibility for it.

I can understand that it must have been very distressing for Mrs B not to be able to look after her parents in her own home. She has explained how this has affected her health. But at the point when her parents would have benefitted from such care, I think it would always have been unlikely that the repairs to her home would have been finished even if there had been no delays on RSA's part. There's no guarantee that RSA would have been able to find her a short let rental property if she had changed her mind about staying in the property and a hotel room might have been the only other option. RSA would not have been obliged under the policy to provide accommodation for Mrs B's parents. So, although this was undoubtedly very upsetting for Mrs B, I don't think this aspect of it was RSA's fault.

I've thought about what fair compensation looks like for this complaint. I've had regard to this service's approach to such awards and think that a total amount of £1,000 (including the £500 already paid) fairly compensates Mrs B for the level of avoidable trouble and upset RSA caused her in the way it handled her claim. Although I understand this isn't the outcome she would have liked, I'm satisfied that additional compensation of £500 is appropriate in these circumstances.

Mrs B has also complained that the poor workmanship of RSA's contractors increased the claim costs and that in turn has meant her premiums going forward will be higher than they should have been. RSA has provided confidential information showing that it is the fact of the claim that makes a significant difference to the premium as past claims are key factors in many risk models. So, I am not persuaded that the increase in premiums going forward is RSA's fault.

My final decision

For the reasons set out above, I uphold this complaint and require Royal & Sun Alliance Insurance Limited to pay Mrs B a further £500 compensation for the trouble and upset it caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 1 April 2025.

Elizabeth Grant
Ombudsman