

## The complaint

Ms S complains about the way Royal & Sun Alliance Insurance Limited (“RSA”) has handled a claim made on her home insurance policy.

## What happened

The details of this complaint are well-known to both parties, and the Investigator summarised the matter in her recommended outcome. Rather than repeat the circumstances, I issued a provisional decision explaining the reasons for my decision. In it, I said:

### ***“What I’ve provisionally 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 set out in the Insurance Conduct of Business Sourcebook (ICOBS) to handle claims fairly and promptly. Having done so, I’m not intending on upholding this complaint. I’ll explain why.*

### ***Who was acting as RSA’s agents?***

*In February 2020, Ms S made a claim on her home insurance policy following a flood at her property. RSA accepted the claim and appointed a loss adjuster and surveyor. Ms S raised concerns about these agents with RSA and was told she could instruct her own surveyor to take over the claim - with RSA covering the cost of this.*

*Shortly after, Ms S instructed a surveyor (“R”) to carry out an independent report on her property. R later produced a tender which included three contractors it had recommended to complete the works, and a preferred contractor from RSA. Ms S had concerns about RSA’s preferred contractor’s competency to complete the repair work, and so, it was agreed that “L”, one of R’s recommended contractors would be appointed.*

*Ms S feels strongly that R and L weren’t instructed by her, saying they were acting as agents of RSA. So, she considers RSA responsible for the difficulties she’s experienced as a result of L’s poor workmanship. RSA doesn’t agree R or L were acting as its agent, and I agree with it. I’ll explain why.*

*The policy allows RSA, as the insurer, to choose how it settles the claim, the choice isn’t with Ms S. That’s fair as RSA is paying for the claim. So, RSA appointing its own surveyor at the start of the claim wasn’t unreasonable. When Ms S expressed concern at the contract she’d been asked to enter into with RSA’s surveyor, the benefit of doing so was explained to her (namely, that it would provide recourse if the repairs were sub-standard). But in light of Mr S’ concerns, RSA said she could appoint her own surveyor and contractor. I’m satisfied this was a reasonable suggestion by RSA in the circumstances.*

*In determining if R was instructed by Ms S or RSA, I note it was Ms S who contacted R to carry out an inspection of her property. R wasn’t recommended to Ms S by RSA.*

*Furthermore, the letter from R to RSA dated 1 July 2020 says, "I have been instructed by [Ms S] to act on her behalf in relation to a flood claim." R is also referred to as "my surveyor" by Ms S in later correspondence. And there's correspondence from RSA to R in which it's made very clear R was employed by Ms S – as it says: "Ms S is your client and you are employed by her, any authority to proceed must come from her." So, I fail to see how Ms S couldn't have been aware that R was acting on her behalf, not RSA's.*

*In December 2020, R produced a tender which included three contractors R and/or Ms S had nominated, and one preferred contractor from RSA. As the Investigator highlighted, L was included in the tender as "The insured – [Ms S'] nominated contractor." Whilst RSA had provided a preferred contractor in the tender, Ms S chose not to proceed with them. L was instead agreed as the contractor.*

*I've also seen correspondence which shows Ms S asked RSA to make direct payment to her so she could pay invoices received from L. This arrangement suggests RSA's involvement in the claim was limited to agreeing to pay the contractor's bill for the repair work. It wasn't, from what I've seen, involved in the day-to-day running of the claim. So, I'm not persuaded RSA had control over L's actions – something it would be expected to have if L was acting as its agent.*

*So, when I consider the above, I'm satisfied R and L were acting on behalf of Ms S, not RSA. And I, therefore, don't consider RSA to be responsible for rectifying L's poor workmanship, or the delays this caused.*

### **Alternative Accommodation**

*RSA agreed to pay alternative accommodation ("AA") until September 2021, which was when RSA thought the repairs should be completed, taking account of delays caused by the pandemic. Ms S didn't think this was fair, so asked our Service for an independent review. It was then agreed – via our Investigator – that RSA would pay for AA until Ms S' home was habitable.*

*In April 2023 – so about 19 months later – RSA stopped paying the AA. Ms S complains that's unfair. I don't find it is. Ms S was responsible for the repairs, and by this point, she'd had over three years to complete them. As I understand it, they hadn't gone well, and nothing material had happened for around 18 months at the time of RSA's decision to stop paying for AA.*

*I sympathise with Ms S. But as she instructed the contractor, she is responsible for the quality and timeliness of their work, not RSA. And RSA cannot be expected to pay for AA indefinitely. I recognise RSA's actions aren't in line with what was previously agreed, but I find RSA had acted in good faith and couldn't - at the time of agreeing to the previous Investigator's recommendation - reasonably expected this matter to drag on so much. It follows that I consider RSA's decision to cover a further three months AA, to be fair and reasonable in the circumstances.*

### **Cash settlement**

*To resolve the claim, RSA has offered a cash settlement for the remaining repair works – excluding those it deems attributable to L's poor workmanship. I consider this to be reasonable – I'll explain why.*

*First, as I'm not persuaded L was acting as an agent of RSA, I don't consider it to be*

responsible for L's quality of work and so, it wouldn't be reasonable to direct RSA to cover the costs associated in putting right L's poor workmanship. Second, the cash settlement was offered shortly after RSA had revisited Ms S' property to determine what works remained outstanding. So, I'm satisfied it was based on the current state of Ms S' property at that time. Third, RSA has said if Ms S provides her own quote for the remaining works, it will take this into consideration.

Ultimately, something needs to happen with this claim, and I'm satisfied this proposed resolution is fair and reasonable in the circumstances.

### **Utilities underpayment**

Ms S says it was agreed she'd be reimbursed for utilities. She complained saying she hadn't been fully reimbursed the cost of a utility bill. Ms S says its payable under the alternative accommodation element of her policy.

It's unclear why RSA would be liable for a bill such as this, as it's usually in respect of the risk address, if at all. In any event, RSA has reimbursed her £1,000 which persuades me it did some analysis and considered that payment was due. I also understand that at a later date a global payment was made to finalise matters. RSA has said this included a sum for the utility bill underpayment.

In August 2024, Ms S was asked by RSA if there was anything outstanding and I note the utility underpayment did not feature in her reply. So, considering the above, I'm not persuaded a sum – if indeed it is due to Ms S – is outstanding. It follows I don't require RSA to pay this amount at this time.

### **Compensation**

RSA paid Ms S £500 compensation. It's not entirely clear what part of Ms S' complaint this relates to, but I haven't seen anything to persuade me additional compensation is warranted in respect of how RSA dealt with the alternative accommodation issue or the quality of the repairs. So, I won't be directing it to make an additional award.

I appreciate my decision will be disappointing for Ms S, but for the reasons set out above, I don't intend to uphold this complaint.

### **My provisional decision**

*My provisional decision is that I don't uphold this complaint."*

Ms S responded to my decision setting out why she disagreed with it. In summary she said:

- RSA couldn't choose how it should settle the claim, it had to pay for the cost of repairing or replacing the damaged parts to her property – which it's failed to do.
- It was unfair for RSA to appoint a loss adjuster who tried to force Ms S to sign what she considered to be a defective and incomplete contract.
- She questioned why RSA put forward – in her opinion – an inferior contractor to complete the reinstatement works.
- RSA had previously agreed to pay a higher cash settlement than that offered in its final response letter. Adding it had agreed to pay VAT on receipt of evidence that this

had been incurred. And that Ms S was owed a variation to the contract cost. And that interest should be added to these payments.

- RSA hadn't covered the cost of blinds – saying she was told this would be paid from the buildings contingency fund.
- RSA should pay AA until her property was habitable. RSA was obliged to do this by the policy terms and our investigator's view. My decision doesn't explain why the previous investigator's view can be overturned.
- The contractor's decision to abandon site doesn't absolve RSA of its responsibility to cover AA costs.

RSA reiterated the cash settlement it had offered in its final response remained. And that it would consider VAT and variations/contingencies on receipt of this having been incurred by Ms S.

### **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.

Having done so, I'm not departing from the outcome I reached in my provisional decision. I'll explain why by addressing Ms S' concerns I consider relevant to determining the complaint.

Ms S has set out further comments about RSA being responsible for the quality of the repairs and cost of rectifying this. I remain of the opinion that it was Ms S' agents who had control of the reinstatement works and RSA's role was limited to paying invoices. RSA isn't, therefore, responsible for remedying her contractor's poor workmanship, or compensating for delays which are attributable to Ms S's agents.

Ms S says the cash settlement proposed by RSA is less than what she's been previously offered. Whilst I recognise this may be the case, I have to keep in mind there was a gap of approximately 18 months between them - and things had moved on. Based on the evidence I do have - and keeping in mind the figure in RSA's final response followed it having visited Ms S' property to review the outstanding works - I've not been given a compelling reason to conclude it isn't reasonable. Particularly as RSA has said it will pay VAT and variation works (from the contingency fund) on receipt of evidence from Ms S that this was incurred – which I consider to be a fair and reasonable approach in the circumstances.

Ms S has raised a specific concern about RSA not covering the cost of replacement blinds. She said it was agreed by RSA that it would be paid from the buildings side of the claim, rather than the contents side. This is a recent development in this particular complaint and hasn't been investigated. As RSA has said it will, on receipt of evidence, pay variation costs, Ms S may want to share this with RSA. In the event she's unhappy with how RSA deals with this specific matter, she would then be able to bring a complaint to this Service about it.

With regards to AA, Ms S remains of the view it should be paid until the property is habitable, saying this is both in line with the policy terms, and what our investigator had said in a previous view. But as I explained in my provisional decision, the investigator's view was made at a certain point in the life of the claim – and was based on events that had happened until then. I remain of the view that despite RSA's agreement to the previous view, it wouldn't be fair or reasonable to expect RSA to cover the cost of AA for a potentially indefinite period. Ultimately, RSA agreed to extend AA cover for an additional period of time, and I'm satisfied

this was sufficient to enable Ms S to have the repairs – which were attributable to the insured event - completed.

I recognise this has been a very difficult time for Ms S, particularly in light of the health concerns she's experienced during the life of the claim. However, for the reasons set out above and those in my provisional decision, I'm not upholding this complaint.

#### *Next steps*

Given my findings, Ms S might want to consider getting in touch with RSA to arrange receipt of the cash settlement and liaise with it when required regarding VAT and contingency elements.

#### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 21 March 2025.

Nicola Beakhust  
**Ombudsman**