

The complaint

Mr and Mrs P complain about the way Royal & Sun Alliance Insurance Limited (“RSA”) handled a claim they’ve made for subsidence damage at their property.

What happened

Mr and Mrs P have an ongoing claim with RSA in relation to subsidence damage at their home. Mr and Mrs P have previously raised complaints with RSA about the handling of the claim. Whilst RSA had carried out some repairs, it said it would provide a cash settlement for the remaining works. Mr and Mrs P complained about that decision and in November 2023 RSA issued a complaint final response letter (FRL). It didn’t agree to change its position.

In January 2024 an Ombudsman colleague at the Financial Ombudsman Service issued a final decision finding it was reasonable for RSA to cash settle for the remaining repairs. This was because there’d been a breakdown in relationship between the parties and RSA had been unable to find alternative contractors to do the remaining works.

Following that decision, RSA said it would settle the claim for around £3,000. Mr and Mrs P were unhappy with that amount, they said they’d struggled to find any contractors to do the works. They provided one quote they’d managed to secure for around £15,000. RSA said it would agree this amount.

Mr and Mrs P complained further to RSA. They were unhappy RSA’s initial quote was so low, and that it wouldn’t carry any due diligence out on the contractor before they went ahead with the works. They were concerned that the contractor might not be competent, and RSA wasn’t doing enough to assist them.

In April 2024 RSA provided a further complaint FRL. It said it would pay £350 compensation to apologise for the delays in replying to Mr and Mrs P’s emails, and overall communication issues. It said it wouldn’t provide any assistance to Mr and Mrs P to find their own contractors.

Unsatisfied Mr and Mrs P referred their complaint to this Service. Whilst noting Mr and Mrs P remained unhappy with the cash settlement option, the Investigator said we’d already issued a final decision on that matter. Our Investigator said whilst RSA’s initial offer was low – compared to the quote it ultimately agreed – he was satisfied this would allow Mr and Mrs P to have the repairs carried out. He said as RSA weren’t appointing the contractors, it wasn’t its responsibility to carry out due diligence. That would be for Mr and Mrs P to do. He was satisfied £350 compensation was reasonable given the unnecessary frustration caused in the complaint period he was considering (which was from November 2023 until the April 2024 FRL).

Mr and Mrs P asked for an Ombudsman to consider matters, so the complaint has come to me to decide.

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'm aware this is a long running claim with several complaints having been raised and addressed by this Service. Like our Investigator I've only reviewed events from November 2023 (the date of the previous FRL) until the April 2024 FRL.

I accept during that time RSA didn't communicate with Mr and Mrs P as well as it should have done. It often only responded to parts of their emails, answering certain questions and not others. This will have undoubtedly caused frustration.

Having reviewed our compensation guidelines (which are available to see on our website) I'm satisfied that RSA's offer to account for the unnecessary inconvenience caused is a fair one. Awards in that range are for when a business' mistakes can require a lot of extra effort (on Mr and Mrs P's part) to sort out. I can see that was the case for Mr and Mrs P. So, whilst I agree RSA failed Mr and Mrs P here, I'm satisfied it's made a reasonable offer of compensation.

Turning to the appointment of their own contractor, Mr and Mrs P have referred to guidance on our website which says sometimes we might hold insurers responsible for the actions of contractors appointed by policyholders, especially if we consider RSA still 'controlled' the repair. So they argue RSA should be doing more to review the competence of the contractor who'd given them a quote.

Having reviewed that guidance in relation to this claim, I'm not satisfied RSA could be considered to be effectively controlling Mr and Mrs P's contractor. Mr and Mrs P hadn't even appointed one at that stage. They'd simply provided a quote for the work needed to reinstate the property, and RSA had agreed to reimburse that amount.

RSA had also been clear with Mr and Mrs P that it wouldn't assist in any appointment of a contractor. Whilst I understand the contractor's quote was based on RSA's scope of works, I'm not satisfied this means RSA needs to do more to support Mr and Mrs P or it should take on responsibility for any contractor they should choose.

As such, I'm not going to ask RSA to do anything differently here. I understand Mr and Mrs P are uncomfortable with appointing their own contractors, but an Ombudsman colleague has already ruled RSA was reasonable in deciding to cash settle the claim in lieu of carrying out repairs. I can't revisit that decision.

If, having started the work, Mr and Mrs P's contractor considers the repairs needed will exceed the initial quote, Mr and Mrs P would need to raise that with RSA initially. As it stands, given RSA has agreed Mr and Mrs P's quote in full, I've no reason to believe the amount should be increased.

My final decision

My final decision is that RSA has already made reasonable offers to resolve the complaint. If it hasn't already done so, it should pay £350 compensation to Mr and Mrs P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 26 March 2025.

Michelle Henderson
Ombudsman