

The complaint

Mr and Mrs P are unhappy with the way Royal & Sun Alliance Insurance Limited has dealt with a claim made for subsidence under a home insurance policy.

What happened

The full details of the complaint are well known to both parties, so I won't repeat them again here. Instead, I'll summarise the series of events that led to this complaint. This isn't intended to be a full timeline or contain each event that happened.

In 2018 Mr and Mrs P noticed cracks appearing in their property and distortion to the flooring. Around February 2019 they made a claim to RSA to investigate this.

RSA instructed a survey of the property which initially didn't confirm the presence of subsidence but did recommend that crack monitoring took place. In August 2019, subsidence was confirmed at the property, and this was attributed to vegetation surrounding the property. It took some time for the vegetation to be removed completely due to nesting birds and periodic crack monitoring continued in the meantime. Investigations at the property during this time also found that the chimney breast had insufficient foundations and had suffered from settlement – that being the weight of the chimney structure was causing it to move downwards.

In August 2020, the property was deemed to be stable, and RSA wanted to move to repairing it. Mr and Mrs P were not happy with this however as RSA didn't intend to do anything to stabilise the chimney and prevent any future movement to it. Mr and Mrs P had also raised that further cracking had developed. Responding to Mr and Mrs P's concerns RSA arranged for several rounds of monitoring to be completed at the property. It also arranged for the chimney to be inspected and finally for a distortion survey of the floor to take place.

Overall RSA was satisfied the cause of the subsidence had been mitigated and that the property was stable. It said that while the chimney had suffered settlement this wasn't covered by the policy, and it wouldn't be proposing to arrange for it to be underpinned because of this.

Conversations had taken place over whether the chimney was to be repaired or whether Mr and Mrs P were going to have this removed privately at the same time the works were done. Communications about this became confused and it then became unclear as to whether any repairs to the chimney were being proposed by RSA. Mr and Mrs P were also unclear about whether RSA intended to make any repairs to the floor.

Mr and Mrs P complained about how the claim had been handled including what had happened and how long it had taken. They said they hadn't been given clear details of what was to be repaired in the property and they remained unhappy that RSA didn't propose to stabilise the chimney. They reminded RSA that they run a business from the property and therefore any repair works will need to be planned to minimise any disruption. And, they hadn't been reassured how this was to be approached.

RSA considered the complaint. It accepted that in some instances the claim could have been dealt with quicker and at times, its communication could have been better. It explained that it was satisfied that the movement to the chimney was historic and therefore it was only proposing superstructure (above ground) repairs to the property. And it apologised that its previous communications around the removal of the chimney had been confusing.

RSA offered Mr and Mrs P £750 compensation to reflect the impact its actions had on them. It set out the next steps would be to arrange a meeting to enable a schedule of repairs to be put together and to inform what actions will need to be taken to mitigate any impact the repairs may have.

Mr and Mrs P were unhappy with RSA's response as they felt it didn't address their main concern about the future stability of the chimney.

An investigator looked at the complaint and she explained to both parties that she thought RSA's decision not to stabilise the chimney was fair. She did however say that she thought RSA should increase its compensation by £250 to a total amount of £1,000 as she thought this better reflected the amount of distress and inconvenience Mr and Mrs P had suffered.

Mr and Mrs P didn't think all their concerns had been addressed about the chimney and the claim and they asked the investigator to review the matter. The investigator clarified with RSA that she expected superstructure repairs to the chimney to be completed as roots were found below its foundations and therefore this could have contributed to the recent movement. RSA agreed that it would include those repairs in its schedule of works.

Mr and Mrs P remained unhappy and asked for an ombudsman to review the complaint. They said they didn't think the repair work went far enough as it didn't resolve their concerns about the future stability of the chimney. They were dissatisfied with RSA's reference to settlement of the chimney stack as the cause of movement, they pointed out settlement usually only happens in the first few years after a property is built and their property is over 60 years old. They believe the fact they'd previously levelled the floors in the property has been ignored and RSA has told them the current distortion is within tolerance but without reference to a relevant scale.

Mr and Mrs P said they've recently been told they must arrange for the drains at the front of their property to be cleared and repaired by the relevant water authority. Previously they said they were told RSA would do this on their behalf. They're worried this delay will now cause issues as they do not have access to the survey report of the drains and there have been changes to legal responsibility for underground pipework in between.

Mr and Mrs P said they don't think the amount of compensation offered is sufficient. It is equal to the amount of excess they must pay for the claim, and they don't think it adequately reflects the amount of time and effort they've had to put into this matter. They explain they've been left in limbo by RSA, with poor communication, contradictory information being provided and the upheaval the actual repairs will have on their family life and business has not been taken into account.

Mr and Mrs P also said they are unhappy with how RSA and its agents dealt with their complaint.

The case has been passed to me to decide.

My provisional findings

I issued my provisional findings on 30 January 2025; I said I was minded to uphold the

complaint for the following reasons:

"It's clear Mr and Mrs P feel strongly about what has happened - this is their home, and claims of this type can by nature be very stressful. So, I understand why they feel the way they do and they have my natural sympathy for the issues they've experienced. I want to assure them I've read and considered everything they've provided very carefully.

RSA has agreed a valid claim for subsidence has been made and therefore I don't need to consider that aspect within this decision. There are however a few issues that remain outstanding and require clarification so that both parties are aware how matters should move forward. I've set out my thoughts on these under subheadings below.

Chimney

RSA initially said the movement to the chimney, and resulting damage to the floors was caused by settlement which is excluded by the policy. Settlement is usually expected within the first few years after a property has been built and the policy sets this as being within the first ten years. However, the term settlement more generally can be used to describe something that is moving downwards due to its own weight – which is also part of the explanation that has been provided here. The chimney is potentially moving due to the foundations it sits on being inadequate to support its weight.

There may well have been settlement initially which is why Mr and Mrs P have explained they levelled the floors after they moved into the property. However, since then there has been an external force which has impacted the clay around the property, with roots being found directly under the chimney. So, I'm satisfied it is more likely than not that has influenced the more recent movement to the chimney stack and therefore the damage caused should be covered under the insured peril of subsidence. As the same cause has also impacted the wider foundations of the property.

I think it is reasonable that repairs to the superstructure of the chimney are included in the scope of RSA's repairs.

I realise Mr and Mrs P want certainty that the chimney won't move in the future however I haven't seen anything that persuades me at this time that RSA should undertake more extensive substructure repairs. The property as a whole is deemed to be stable, and the most recent cause of movement has been halted. If more damage occurs in the future, any insurer at that time will need to investigate and decide what needs to happen in line with any terms and conditions of the insurance policy in force.

Floor

Based on my findings above I want to confirm that RSA should also undertake repairs to the flooring of the property that has been distorted by the recent movement. Given Mr and Mrs P have confirmed the floors were previously levelled, I'm satisfied it can be concluded that the distortion now shown, more likely than not, has resulted from the recent movement.

RSA in its correspondence with Mr and Mrs P referred to the flooring movement being within tolerance, but it didn't provide any scale for reference. It later explained that usually an insurer would respond if something was more than 10mm out from its initial state. Some of the distorted flooring is more that 50mm out from its normal level position.

RSA didn't respond fully to Mr and Mrs P's queries about why, if this was the case, was it concluding that it was 'within tolerance'. I appreciate the contradictory statements given would have caused Mr and Mrs P concern and worry and I have taken this into account

when deciding what compensation amount is fair.

Based on my read of the file, the reason RSA wasn't covering the flooring (regardless of tolerances) is because it thought that distortion was a result of the chimney moving - an action it thought wasn't covered by the policy. So, by extension, it wouldn't then cover any damage to the flooring that movement caused. However, as above, I'm satisfied RSA should be carrying out the repairs to the floor as I'm satisfied they have been caused by an insured event.

Drains

During initial investigations at the property, it was identified that a shared drain towards the front of the property was damaged by roots. This drain wasn't deemed to be the cause of damage to property, and so its repair wasn't covered under the policy.

Mr and Mrs P have said they were told at the time RSA would notify the local water authority that these repairs needed to be done. However, that didn't happen. Mr and Mrs P have recently been told they need to do this, which again has caused them further concern.

Mr and Mrs R are worried that they don't have access to the results of the drain survey that was undertaken by RSA. And, that they may be disadvantaged not only by the time that has now passed, but the limited information they have to provide the water authority.

When considering any compensation award, I will be taking into consideration the impact this news has had on Mr and Mrs P and the fact they should have been told sooner of the correct position. I agree the repair of the drain isn't covered by the policy, but based on what has happened I think it would be helpful for RSA to consider if it can release the findings of the drain survey to Mr and Mrs P to assist them. I won't be making this a formal finding as there may be valid reasons why the report can't be released.

Service

RSA awarded Mr and Mrs P £750 compensation as it recognised there had been delays to the claim and some of its correspondence could have been better. It also recognised it said it could provide a quote to remove the chimney when that wasn't the case.

This claim has now been outstanding for nearly six years and while subsidence claims can take many years to resolve due to the requirement for seasonal monitoring, I do think this claim has been avoidably delayed.

I accept the property was initially deemed stable and suitable for repair within 18 months of the initial claim however Mr and Mrs P had valid concerns about the movement to the chimney and how this was linked to the overall claim. And I think they were reasonable to refuse repairs to be undertaken until those concerns had been adequately addressed,

However other than instructing further crack monitoring of the property, which naturally delayed matters, these concerns weren't acted upon until 2024 when a floor distortion survey and a specialist report on the chimney were instructed. I think RSA could have made these instructions earlier to move the claim forward.

RSA has already recognised its communications with Mr and Mrs P could have been better. And as I have set out above, I've found it provided conflicting information to them which caused confusion, worry and upset.

Having considered everything, I think an award of £1,500 compensation more adequately

reflects the trouble and upset Mr and Mrs P have been caused by the handling of this claim over many years.

An award of compensation isn't designed to equal or compensate for the fact an excess is payable on a claim. This is an amount that policyholders agree to pay at the start of any policy. So, the fact Mr and Mrs P may have to pay a £1,000 excess hasn't factored into my consideration here.

Subsidence claims are by nature inconvenient and disruptive when repairs are being undertaken. I can see Mr and Mrs P have made it clear to RSA the notice they would need before repairs start in order that they can minimise disruption to their family and business. I would expect RSA to take this into consideration once the claim gets to the appropriate stage.

It is not for me at this point to determine whether Mr and Mrs P and their family should be provided with alternative accommodation. This will be something for RSA to consider once the repair schedule has been finalised and considering the terms of the policy regarding this.

Complaint handling

Mr and Mrs P have said they are unhappy with how RSA dealt with their complaint and the fact its agents have not responded to their concerns. Complaint handling itself is not a regulated activity, so this isn't something I can consider. However, I have noted that this has added to Mr and Mrs P's frustration.

My provisional decision

I intend to uphold Mr and Mrs P's complaint against Royal & Sun Alliance Insurance Limited. I intend to direct that it does the following:

- *Deals with the claim in line with the remaining terms and conditions of the policy taking into account any superstructure repairs needed to the chimney and flooring.*
- *Pay Mr and Mrs P £1,500 compensation".*

Responses to my provisional decision

RSA did not provide any further comments for me to consider.

Mr and Mrs P confirmed they accepted my provisional 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.

Having done so and given no further points have been raised for me to consider, I see no reason to depart from my provisional findings or decision.

So, for the same reasons set out above, I uphold Mr and Mrs P's complaint against RSA.

Putting things right

To put things right, RSA should do the following:

- Deal with the claim in line with the remaining terms and conditions of the policy taking

- into account any superstructure repairs needed to the chimney and flooring.
- Pay Mr and Mrs P £1,500 compensation.

My final decision

My final decision is that I uphold Mr and Mrs P's complaint against RSA. I direct it to put things right as I have set out in the section above.

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.

Alison Gore
Ombudsman