

## **The complaint**

Mr B and Mrs B complain that Royal & Sun Alliance Insurance Limited have delayed in dealing with their claim due to an escape of water. They have also not made timely payments, not paid for the full cost of alternative accommodation, and declined a contents claim.

## **What happened**

Mr B and Mrs B held buildings and contents insurance RSA.

In January 2023 they discovered a leak from a heating pipe inside a wall in the lower ground floor master bedroom which caused water damage to the lower ground floor.

Initially Mr B and Mrs B had the leak repaired and asked a builder to look at the repairs, but he advised they should make an insurance claim. Mrs B and Mr B then appointed a loss assessor to act on their behalf.

In April 2023 they made a claim under their buildings and contents policy and RSA appointed a loss adjuster to prepare a report and undertake a scope of work.

Mr B and Mrs B say that there was then a significant delay which left them and their vulnerable daughter living in a mouldy property for an extended period and there was a dispute about alternative accommodation.

There was then a further delay when a dispute arose about the contents claim.

Mr B and Mrs B say that they have spent significant time trying to sort this out with RSA, and it has had a huge impact on the health of them and their children, in particular their daughter who is vulnerable.

RSA sent their final response in April 2024. They agreed that there was delay in progressing the claim between April and October 2023 which was contributed to by the complexity of the claim due to the value. They awarded £100 compensation in respect of this.

They also agreed that there was an unreasonable delay in reimbursement of the storage costs for the wine collection between November and March. They agreed to continue to cover any storage costs until the building work is completed and awarded £100 compensation as an apology for the hardship caused by the delay in reimbursement.

Mr B and Mrs B were unhappy with these responses and so they brought their complaint to us.

One of our investigators looked into Mr B and Mrs B's complaint. She upheld their complaint and recommended additional compensation, further payments for alternative accommodation, and some payment of the contents claim.

Following this, RSA made a further offer to pay £750 for the distress and inconvenience caused, to pay for one pair of shoes, and to pay an extra 10 days alternative accommodation costs. Mr B and Mrs B rejected this offer, and asked for an ombudsman's decision so the case has come to me to review.

### **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 considered all the evidence, I'm upholding this complaint and I will explain why. I can only consider matters up until 24 April 2024 when the final response letter was sent by RSA, and any further issues after that date would need to be dealt with by a separate complaint.

### **Delays**

After the claim was made in April 2023 RSA appointed their contractors to undertake a damage report and oversee the claim. The loss adjuster visited the property on 1 June and prepared a report. It was then allocated to the large losses team, and a contractor was appointed on 26 June. They visited on 13 July and then were considering the scope of works.

While that was taking place, Mr B and Mrs B's loss assessor submitted strip out and drying costs on 18 August, which were approved on 13 September. An agent was also then appointed to look at alternative accommodation (AA) but despite making several suggestions of properties available, a suitable one could not be secured. RSA then agreed a £75,000 cash settlement for the AA with Mr B and Mrs B for them to find their own suitable AA.

In October 2023 the contractor identified that this was likely to be a claim with a value of over £100,000 and so they could no longer deal with the claim without authorisation from RSA for costs.

On 30 October further strip out costs were approved, and the loss assessor was then asked to arrange drying and a scope of works for rectification.

Although I can see that RSA took some steps during the period April to October, this wasn't a complex claim and to have only reached the point of stripping out and drying six months after the claim isn't the level of service I would expect to see here. I appreciate that there was a loss assessor involved but given that RSA had completed their own inspection in June, they should have been able to validate the claim, and they had enough information on the extent of the damage to be able to progress the claim. I agree with the investigator that £100 doesn't adequately reflect the inconvenience caused by the delay here.

A second period of delay then occurred after the contents claim was made in December 2023. There was a concern raised that a photograph of a mattress accompanying the claim wasn't a genuine photograph of Mr B and Mrs B's mattress. RSA then made enquiries about this, and an interview was arranged with Mr B and Mrs B on 25 January 2024. RSA say the delay between December to January was because they were waiting on Mr B and Mrs B. Following that interview there was further back and forth between RSA and the loss assessors, and also Mr B and Mrs B.

I appreciate that there was a genuine concern about the photograph, and RSA are within their rights to ask for further information, but this could have been sorted out much quicker. I understand that Mr B and Mrs B clarified the error with the photo at the end of January, but it took another month for approval to proceed to be given.

RSA initially responded that they consider the £100 offered to be sufficient for these delays because overall there was only 2.5 months of delays. I've looked at this more broadly, and although there may only be two and a half months of delay when looking at long gaps of inactivity, it was spread over an 11-month period, with a general lack of urgency by RSA in resolving matters.

Mr B and Mrs B have submitted details of health issues they believe have arisen from the damp and mould in the bedroom. Whilst I haven't seen any evidence that connects the health issues to the damp, I think it's fair to say that an extended period sleeping in a damp bedroom isn't ideal and would have added to the pressures on a family that already has the difficulties of caring for a vulnerable child. In view of that I agree with the investigator that a figure of £750 in total more fairly reflects the delays and inconvenience caused, and the impact on Mr B and Mrs B.

### **Delays in reimbursement for storage fees**

I understand that £100 has been offered as compensation for the delays in reimbursing the storage fees and that RSA have also committed to maintaining the storage as long as is required, and I'm satisfied that this is fair, so I won't be changing this.

### **Alternative accommodation**

Mr B and Mrs B asked for an extension to the AA costs. RSA were satisfied that the property was habitable but did agree that AA was required for the period of building works due to the vulnerability of Mr B and Mrs B's daughter.

The policy limit for AA is £100,000, but RSA say that in rejecting the offers of accommodation made and opting to take a cash settlement, Mr B and Mrs B accepted a sum of £75,000 to pay for their own AA and that this sum was agreed via their loss assessor as being a final settlement for AA.

Mr B and Mrs B say that this figure is now not enough, as the delays caused by RSA mean that the alternative accommodation has been required for longer, and that the £75k that was agreed won't cover it.

I've seen evidence that the AA cash settlement was agreed by Mr B and Mrs B as full and final. However, this was before there were any delays in the claim, and I don't think that it is fair to say that for that settlement can be binding in the event of avoidable delays that weren't anticipated at the time of the agreement, especially when it's not at the limit of liability.

So, I think it is fair for RSA to make a further payment up to the policy limit of £100,000 provided that it is evidenced by Mr B and Mrs B that they have incurred AA costs of that amount. I also agree with the investigator that the period 1 February to 3 March should be excluded as this was a period of unreasonable delay.

### **Contents claim**

RSA have declined the contents claim due to the items having been disposed of.

In the policy booklet at p57 it says

"What you must not do:

Dispose of damaged items as your insurer may need to see them”

When validating a claim for damaged contents, it is fair for an insurer to have the opportunity to inspect items to assess the damage and consider whether it is possible to restore them or whether they require replacement.

RSA didn't have this opportunity, which is why they have declined the claim. So, I've thought about whether they have applied this policy term fairly.

I can see that during the visit in June, there was no indication made to RSA's loss adjuster that contents items were damaged apart from mould on some shoes. However, Mr B and Mrs B say that as the property was left damp for a long period, further mould damage occurred to furniture and other items after June and that led to the contents claim for the bed, mattress, chair and shoes in December.

When RSA's contractors first visited in June 2023, they noted that they were only shown one pair of shoes that were mouldy and so they only set a reserve of only £1000 for contents. The photographs in the report don't include pictures of any furniture or clothing, but a second report from October does include photos of mouldy shoes in the basement. RSA's contractors say they had no cause to photograph furniture as they weren't informed of any damage. They also said the house was still habitable and the insured was still sleeping in the bedroom. Mr B and Mrs B have since provided us with some photographs of three pairs of mouldy shoes and some of small patches of mould on the bed frame and chair.

I don't think it's unreasonable for Mr B and Mrs B to have assumed that as RSA visited the property twice to assess the damage, they had also assessed furniture and other contents such as floor coverings. RSA did take some photographs of the shoes, which would indicate an interest in contents. I also can't see that Mr B and Mrs B were asked about contents damage during that meeting or any subsequent contacts. This is unusual as there would usually be at least some contents damage with an escape of water claim.

However, I also don't think it would be reasonable to expect RSA to cover the replacement cost of items that were not pointed out to the loss adjuster and have since been disposed of. So, I consider that it would be fair to ask RSA to consider the contents claim for the three pairs of shoes, of which I have seen visible evidence of mould, and which I think are less likely to have been restorable, but I don't think it would be fair to ask them to pay the cost of the bed, mattress and chair. These were bigger items which were not noted in the June or October visits to have any damage and were not subsequently brought to the attention of the loss adjuster before being disposed of. I don't think it would have been possible for RSA to have made a decision about whether they were restorable from the photographs provided to us.

### **Putting things right**

In order to put things right, I think that RSA should:

- 1) Pay £750 total compensation for the delays experienced.
- 2) Pay £100 for the delay in making the storage costs payment for the wine if this has not already been paid.
- 3) Pay any further alternative accommodation costs which Mr B and Mrs B are able to evidence during the claim, up to the policy limit of £100,000.

Any costs incurred between 1 February and 3 March 2024 shouldn't be considered against this sum as this was a period of unreasonable delay.

If the evidence shows that accommodation costs over £75,000 and up to £100,000 have already been paid by Mr B and Mrs B, RSA should pay 8% simple interest on those payments from the date that they were made until the date of settlement.

- 4) Reconsider the claim for personal items as it relates to the three pairs of shoes that it has been evidenced have sustained mould damage and proceed as if the shoes had been presented and examined in line with the policy terms. If this results in the claim for the shoes and they have already been replaced, 8% simple interest per annum on the sum should be added dated from the date of purchase of replacement shoes until the date of settlement.

### **My final decision**

My decision is that I uphold Mr B and Mrs B's complaint, and Royal & Sun Alliance Insurance Limited should put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 17 April 2025.

Joanne Ward  
**Ombudsman**