DRN-5437897

The complaint

Mr F complains about how Royal & Sun Alliance Insurance Limited trading as RSA handled claims he made on his commercial property insurance policy.

Reference to RSA includes its agents.

What happened

Mr F held a commercial property insurance policy, a landlord policy, covering him for a property he owns but let out.

After the tenant left in July 2024, Mr F noticed damage to the property. He made a number of claims to RSA for the damage caused – because it was caused by different things, namely, escapes of water and accidents or malice.

After the tenant left the property, Mr F moved in himself. But he complained that RSA were taking far too long to sort his claims out and complained. He said as a result, the property was damp and couldn't be lived in, which he said forced him to move out of the property. He thinks RSA should pay him for alternative accommodation. He said he'd asked RSA about this and received no response.

RSA acknowledged Mr F's complaint and said it had taken too long to validate Mr F's claims, both for the escapes of water and for the accidental/malicious damage. RSA said the contractors were due to start work to rectify the escape of water damage to the property in December 2024. It said it needed to further validate the accidental/malicious damage claim and that it would get the claim back on track.

RSA said it should have responded to Mr F's query about alternative accommodation but said it wasn't something he was entitled to. Overall it paid Mr F £550 compensation.

Mr F didn't accept that response, so he brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't recommend Mr F's complaint be upheld. They said Mr F wasn't entitled to any costs relating to alternative accommodation under his policy. They said it was clear RSA had not progressed this complaint as it should have done, with clear avoidable delays. But they thought given the timeframe they were considering (July 2024 to November 2024), £550 compensation was a reasonable amount.

Mr F didn't agree and asked for an Ombudsman's decision, he maintained he should be entitled to alternative accommodation costs because he only incurred them because of RSA's delays to his claims. He also said although he accepted the £550 compensation, he did so on a without prejudice basis and doesn't think it's enough now.

Mr F has since let us know of further issues with RSA. Amongst them he's not happy with the work that's been carried out and thinks this has devalued his property. He says as a result, he'll have to sell it for less and thinks RSA should make up some, if not all of this loss.

Our Investigator explained that these issues would need to form a new complaint with RSA, and if needs be, this Service.

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.

It's worth setting out the scope of the complaint that I'll be considering in this decision. I understand Mr F is still in dispute with RSA in connection with these claims. But, like our Investigator, I'll only be looking into things up to RSA's final response letter in November 2024. Much of what Mr F remains unhappy with happened after this – so unfortunately for Mr F, I won't be making any decision on those matters.

These issues will need to be first addressed by RSA. If Mr F remains unhappy with its answer, or it doesn't answer him in time, Mr F would be able to bring that complaint here for us to consider.

Turning to what I can look at, like our Investigator, I'm not upholding it. To be clear, that's not because I think RSA hasn't done anything wrong. Far from it. It clearly has. But rather, I'm satisfied that what it did subsequently, to put things right, was a fair and reasonable remedy in the circumstances, and at the time it offered those remedies.

I don't intend to go into any great detail about what happened. This is known to both parties. But what is clear is that RSA did not progress any of Mr F's claims as it should have. It's said this was due to the number of claims made and the number of third parties it appointed to try and deal with those claims.

That's not really a good reason for the delays seen here, and RSA has acknowledged as such. It's entitled to appoint who it pleases to deal with claims, and appointing more than one third party, especially where different claims have been made under separate sections of the policy is not unusual. But that shouldn't detriment the claimant in any way – RSA should manage such interventions so the claim still progresses in a timely manner. It clearly didn't do that here with work not starting anywhere near as soon as it should have.

Within the scope of this complaint, RSA said the contractors were due to start work the following month. That to me was a reasonable action to be taken at that time. As set out above, I know Mr F has issue with the work that contractor carried out, but that's not covered in this decision.

Similarly, RSA said it would carry out further validation work on the accidental/malicious damage claim. I'm aware it had already made an offer at this point, but I think what it proposed to do here, was reasonable at the time. Again, any dispute following that isn't covered in the scope of this complaint.

Turning to Mr F's claim for alternative accommodation costs, RSA said he wasn't covered by the policy for these. Mr F, I understand has made the point that he wouldn't have incurred them were it not for RSA's error – so he thinks what the policy covers is not necessarily relevant.

Ultimately, I'm satisfied RSA doesn't need to pay them here. The policy provides cover for alternative accommodation for Mr F's tenants. I don't think he can be reasonably considered his own tenant.

I appreciate his point about him only needing the alternative accommodation because of

RSA's actions (or inactions). But I have to consider that the claim was made after the previous tenants left. Mr F was intending to sell the property after this – something he's still intending to do. I'm not persuaded he was intending to live at the property on a permanent basis.

I appreciate this claim perhaps meant that Mr F wasn't able to list the property for sale when he originally intended. But that, to some extent was always likely to happen as a natural result of the circumstances which led the claim to be necessary. And the claim would always have taken some time to progress and resolve, even if handled effectively. But I do acknowledge RSA's delays in handling it have likely extended this time.

That said, I don't think it was foreseeable for RSA when the policy was arranged on the basis the property was being let that Mr F himself would be living in the property at any point. So, while I understand the position Mr F found himself in was difficult, there's simply no cover for him, and no intention for him to be covered, for alternative accommodation under the policy. As such, his need for alternative accommodation was not a reasonably foreseeable consequence of RSA's failures. In any event, I also can't fairly say the reason Mr F needed alternative accommodation was wholly or predominantly because of RSA's failures – more it was a result of Mr F's choice to move back into the property himself once the tenant left while trying to sell it, along with the damage and subsequent claim.

There has however been clear distress and inconvenience caused to Mr F throughout this claim. He's right in saying that any previously offered compensation doesn't mean it can't be increased later. But I also have to consider that it was accepted at the time. And I have to consider whether it was fair at the time. Again, I appreciate other issues have arisen since this compensation was accepted and paid. But those issues aren't covered in this decision, so they can't fairly be considered when looking at what compensation is fair for the issues being considered here.

For the time period I'm considering – the failures which occurred during it and the upset they caused - , July 2024 when the claim was made to November 2024 when this final response letter was sent, I'm satisfied £550 is a reasonable amount of compensation.

I have to consider that the policy is a landlord policy, and the previous tenant had already left the property. There was no intention to re-let it out, the intention was to sell it. This doesn't mean it was acceptable for RSA to delay things as it did. Far from it. But it does, I think, affect the impact of those delays and what redress is fairly due as a result. Mr F shouldn't have had to chase. He's had to deal with multiple companies – which although in itself is not unusual, it's clear here that has caused problems with the parties not fully taking responsibility for their actions. Which I consider was likely to be more distressing and inconvenient for Mr F than simply speaking with one party, his insurer.

My final decision

For the reasons set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 29 August 2025.

Joe Thornley
Ombudsman