

The complaint

Mr A and Ms A complain that Royal & Sun Alliance Insurance Limited offered a cash settlement which wasn't the true cost of their repairs following a flood, and that they caused delays in the settlement process.

What happened

Mr A and Ms A held buildings and contents insurance with RSA when their home was flooded in November 2022 and so they made a claim.

RSA appointed loss adjusters and Mr A and Ms A were moved to temporary accommodation.

They opted for a cash settlement for the rectification work, but this wasn't agreed, and in October 2023, there was a second flood, and a second claim was raised.

Mr A and Ms A have complained that there were delays in the claim, that they weren't made aware that the payment made in November 2023 was a final payment for the first claim and that the payment made was £40k short of what is needed, and it should have been settled in line with their own quotes. They say that RSA haven't been transparent with the costing and the interim settlement figure was turned into a final settlement.

In their final response dated 13 February 2024 RSA agreed that there had been some delays and service issues and awarded £700 for the distress and inconvenience caused. Mr A and Ms A were unhappy with this and brought their complaint to us.

One of our investigators looked into Mr A and Ms A's complaint and he thought RSA should pay an additional uplift to reflect the commercial flooring in the ensembles, and a further £200 for distress and inconvenience.

Mr A and Ms A disagreed with our investigators view, and so the case came to me to review. I issued a provisional decision on the complaint. My provisional findings were as follows:
I have to decide whether RSA have acted fairly and reasonably, and properly applied the terms of the policy when dealing with the claim.

I'm currently minded to uphold this complaint and I'll explain why.

Firstly, I should explain that because there was a previous complaint on this claim, I can only look at matters from 23 May 2023, which was the date of the previous final response letter, and up to 13 February 2024, which was the day of the final response on this complaint. During that period the second flood occurred, which led to a further separate claim, and so some matters in this complaint relate to the first claim, and some overlap into the second.

First claim and settlement

After the first flood, Mr A and Ms A engaged a contractor to survey the property and prepare a schedule of works and proposed costings. This estimate was for £120,000, and so this is the sum that Mr A and Ms A are asking for to complete the repairs.

However, RSA appointed their own contractor to undertake a survey and prepare a schedule of work following the strip out of the property. Their surveyor calculated costings of £84,814, which was the cash settlement figure then offered by RSA.

I understand that RSA offered Mr A and Ms A the choice between using RSA's approved contractors or having a cash settlement and using their own contractors and they chose to have a cash settlement. In these circumstances, where a customer chooses to have a cash settlement, it is normal for the insurer to restrict the cash settlement to the amount that it would have cost them to complete the rectification work.

So, I can't say that RSA are acting unfairly in only settling for the cost to them to undertake the repairs.

However, there is dispute over whether some of the individual items on the schedule have been costed correctly and so I have considered whether these individually to see whether the amounts that RSA have offered for certain items accurately represent like for like replacements. I have dealt with these below:

Internal doors

On RSA's schedule, the internal doors are listed as "Replace hollow core plain panelled door; paint grade" for ten internal doors. However, the photographs taken by Mr A and Ms A's surveyors after the first flood show that the kitchen door is solid wood with 15 glazed panels and the other doors appear to be solid wood, not hollow core, some of which are part glazed in the two top panes. I can't fairly say that RSA have therefore scoped the doors as like for like, and I think this needs to be rescoped and adjusted.

Bathroom Flooring

Mr A and Ms A have provided evidence that the flooring in their bathrooms was commercial grade when it was purchased in 2019. And so, RSA's scope needs to be amended to reflect this.

Kitchen

RSA have included a "medium kitchen" of 8 base and 8 wall units, 4 appliances and a hood. They have said that Mr A and Ms A's quote from their supplier of £10276.50 is too much based on this. The quote from Mr A and Ms A's supplier appears to only cover cupboards, not appliances.

I'm not satisfied that a medium kitchen of 8 base and 8 wall units is an accurate reflection of what Mr A and Ms A had in their kitchen before the flood, based on the photographs in the surveyor's report. So, I think that as we have pictures of what was there before, RSA should rescope the kitchen units based on the pictures provided of the original kitchen for an accurate quote. If appliances are built in these should be included in the scope, with any freestanding appliances being treated as part of any contents claim.

Electrics

Whilst I'm not satisfied that a complete rewire is necessary in the absence of any electrical reports, it is clear that the flood water had reached the level of some of the sockets, and

there is significant water damage to the plaster surrounding the sockets. So, I consider it possible that some electrical work will be needed to restore to pre loss condition. What was needed after the first flood will now have likely been superseded by the second flood, but I think it would be fair for either RSA to have an electrical report prepared to assess potential damage and for RSA to then adjust the scope to include any recommended remedial electrical work.

Patio doors

Mr A and Ms A say that the three sets of patio windows need to be replaced. RSA's surveyor has said that they were operational and just needed a service. I haven't seen any evidence that the windows needed replacement, and I note that RSA have included an amount in the settlement for servicing. I would expect that if the agent servicing the doors deems them beyond economic repair, RSA would reconsider this evidence.

Plastering

I can see that RSA have included plastering to half height, but Mr A and Ms A's scope includes removal and replastering to full height. From the photographs I have seen I'm not satisfied that full height removal and replastering is necessary, and no other evidence has been presented to me about the condition of the plaster on the top half of the walls. Plastering to half height would be normal practice in this situation, so I'm satisfied that this is fair.

Utility Room

The scope doesn't appear to include base units in the utility room, although it does include wall units and work surfaces. RSA will need to check this and rescope to include base units as shown in the photographs.

Vanity Units

Mr A and Ms A have complained that the vanity units aren't included, but I can see on the scope of works that there is an amount allowed for each of the vanity units in the scope prepared by RSA.

Pipework and radiators

Mr A and Ms A's surveyors quote includes replacement of all pipework and radiators. I haven't seen any evidence that the pipework or the radiators needed replacing, and it is normal practice to remove radiators, and re hang them after the restoration work provided, they are not damaged. And so, I can't say that RSA have acted unfairly here.

Other flooring

Mr A and Ms A say that the flooring in the kitchen, dining room, and hall is incorrectly identified as laminate when it was vinyl. I haven't seen any evidence either way, but if Mr A and Mrs A are able to provide evidence of the type of flooring the RSA should amend their scope accordingly.

I understand that RSA have agreed that if there are discrepancies that arise in terms of the settlement and the scope of work, for example work that is not included in the scope prepared by RSA but is required, they will consult with their surveyors and consider this on receipt of invoices, and I think this is fair.

I appreciate that the second flood has now muddied the waters, and there may be some damage from the first flood which hadn't been corrected before the second flood and has been further damaged. I also understand that Mr A and Ms A may have replaced items that will need to be replaced again, such as some kitchen units, and may not have got around to replacing some items. My recommendations relate only to the settlement of the first claim, but it may be that there is overlap with the second claim, and RSA will have to take account of this when working out their final settlement on the second claim.

Delays

RSA have acknowledged that they caused delays when handling Mr A and Ms A's claim and awarded £700 in their final response of 13 February 2024.

They have awarded £200 for the settlement offer having to be increased following their contractors final report, and a further £500 for the delay in appointing a drying contractor following the second flood.

Our investigator identified some further delays in dealing with the second claim and recommended a further £200 compensation. I have considered this, and I think that £900 is a fair total award for the delays and inconvenience caused by RSA's action in the period until 13 February 2024.

November 2023 Payment

Mr A and Ms A say that they were given the impression that the November payment was an interim payment, and they were later told it was a final payment. I have seen the email they received indicating that the payment was interim.

As I've detailed above, there appears to be significant issues with the scope that was prepared, and so even though RSA have said it was a final settlement figure, it appears this wasn't right. I also think that RSA weren't clear about whether the interim payment may or may not change so I can understand why Mr A and Ms A were upset when they found out. And so, I will be directing a further £100 compensation for these errors and the upset caused.

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.

Mr A and Ms A have responded to my provisional decision, but RSA have not.

Mr A and Ms A have made several further points.

They have provided evidence of notes from the first contractors visit on 16 December which records that they intended to remove the plasterboard to full height to aid drying, and they also say that even though RSA only paid for half height, they removed the full height, and they subsequently found mould behind the plasterboard at full height which justifies the need for full removal. They have provided photographs of the mould that was exposed. One of these photos shows light mould above half height but it is unclear which room this is in or when the photograph was taken. All the other photographs show mould below half height. The report from Mr A and Ms A's contractor records that the water was up to 550mm from the floor, and I can see that drying out was completed satisfactorily, so I am satisfied that RSA's decision to only allow costs for half height removal was fair, despite the original contractors notes.

Mr A and Ms A have also reiterated their points about the vinyl flooring and patio doors. I have directed in my decision that RSA consider any additional evidence about the flooring and doors provided, and so I would expect this to be followed through and the scope amended appropriately.

Finally, they have said that the radiators should not be reused because they would contain muddy water. I haven't seen any evidence in any of the reports that the radiators suffered an ingress of water and are not able to be cleaned, including in the report from Mr A and Ms A's surveyors, and so I'm not satisfied that RSA have acted unreasonably here.

And so, for the reasons above, I'm making my final decision in line with my provisional findings.

Putting things right

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

Adjust their scope of works for the first claim to include:

- Solid wood internal doors of the same type damaged in line with the above
- An accurate sum for the replacement kitchen based on the actual units in place at the time of the flood, rather than a standard medium kitchen.
- Base units in the utility room in accordance with the photographs
- Commercial grade flooring for the ensuites and bathrooms
- Any electrical work necessary as a result of water damage that arises out of an electrical assessment and report.

I would also expect RSA to consider any additional evidence presented about flooring or the patio doors as above.

I also think that RSA should pay a total of £1000 for distress and inconvenience as detailed above, deducting any sums already paid to them.

My final decision

My decision is that I'm upholding Mr A and Ms A's complaint about Royal & Sun Alliance and directing them to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Ms A to accept or reject my decision before 27 May 2025.

Joanne Ward
Ombudsman