

The complaint

Mr S has complained about the way Royal & Sun Alliance Insurance Limited (RSA) handled his subsidence claim, under his home insurance policy.

I will refer to the loss adjuster who acted for RSA as C.

What happened

The details of this complaint are well known to both parties, so I will not repeat them again here. The facts are not in dispute so I will focus on giving the reasons for my decision. All I will say is that as part of this complaint I am only considering the way RSA handled Mr S's claim between 24 December 2021 and 20 February 2024, when RSA issued its last final response letter.

I will be issuing a separate jurisdiction decision on whether we can consider Mr S's complaint about events from the start of his claim to RSA's final response on 24 December 2021.

I issued a provisional decision on 24 April 2025 in which I set out what I'd provisionally decided and why as follows:

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, I've decided to uphold it and award more compensation to Mr S for distress and inconvenience. And make RSA pay him a further £1,446 in settlement of his claim, plus interest on this amount to compensate him for being without this money.

I should make it clear at the outset that, while I have considered the level of service provided by RSA and C and the impact any poor service had on Mr S, I will not be commenting on the reasons for this poor level of service. And I will not be requiring either RSA or C to make any adjustments to their set up or business model for handling claims like Mr S's. This is because it is not my role to do either of these things.

The £1,446 is to cover the cost of removing the hedge next to Mr S's property. He did this himself in the end. But he obtained, what I consider to be a reasonable quotation for part of the job and pro rata'd this to get to a cost of £1,446, which I think RSA would have been obliged to pay if it or Mr S had arranged a contractor to do it. So, I think it is fair and reasonable for Mr S to receive this amount as part of the settlement of his claim. RSA said the amount it was willing to pay towards the hedge was part of the compensation it paid. But I do not consider this was appropriate. It should have paid a clearly detailed and separate amount. And it means Mr S should have had this additional £1,446 at the time RSA paid the compensation it said it was part of. So, I consider RSA should add interest to it at 8% per annum simple from the date it paid this compensation to the date of actual payment. This is to compensate Mr S for being without this money.

Mr S has pointed out that he has spent many hours of his time dealing with matters that it

would not have been necessary for him to deal with but for RSA's and C's failings when dealing with his claim in the period I am considering. I should say first of all that I do not work out the correct level of compensation for distress and inconvenience using an hourly rate based on the time a complainant spends dealing with problems caused by poor claim handling. Instead, I consider the overall impact in the period concerned and make an award that I consider to be in line with the awards described in our commentary on compensation for distress and inconvenience on our website, which is backed up by case studies.

I have nevertheless looked through all of the things Mr S has said he did between mid-June and mid-September 2023. And it is clear that some of the time he spent was as a result of poor complaint handling, which isn't something I can always consider. But in this case, I think I can consider some aspects of RSA's complaint handling, which were ancillary to RSA's handling of Mr S's claim. But I can't consider things as part of this complaint which relate purely to complaint handling, such as RSA abandoning the complaint Mr S made to its CEO in October 2021. However, the majority of the time Mr S spent in the abovementioned period was on things that were only necessary because of the poor handling of Mr S's claim, mainly by C. And the same is true of the time he spent after December 2021, but outside of this period. And I am satisfied that Mr S would not have needed to spend any of his time on these things if C and RSA had handled the claim as they should have done. I've also taken into account the distress and inconvenience Mr S experienced as a result of the knock-on effect of the delay on his claim, for example, not being able to access competitive home insurance, not having the option to reduce energy bills or make adjustments to his home.

As I see it, there has been a sustained period of inefficiency and poor claim handling by C since December 2021, which RSA is responsible for. I can see from what Mr S has said and the evidence provided by RSA that C did a very poor job with Mr S's claim indeed. And this clearly caused him a significant amount of distress and inconvenience between 24 December 2021 and February 2024 when RSA issued its last final response letter. As far as I can see, RSA has paid a total of £1,000 in compensation for the distress and inconvenience Mr S experienced in this period, excluding the amount it allowed for the removal of the hedge. But – as Mr S has pointed out - £500 of this was awarded specifically for the period between July 2022 and April 2023. This leaves only £500 for the distress and inconvenience Mr S experienced due to some very poor claim handling by C in the period from late December 2021 to July 2022 and from May 2023 to February 2024. And I do not think £500 is enough compensation for the distress and inconvenience Mr S experienced in such extended periods. I say this because there was a catalogue of errors by C, which I have not detailed here, but which will be clear from Mr S's detailed account of what happened, which RSA has not disputed. And these caused Mr S significant distress and inconvenience.

I think the overall level of distress and inconvenience Mr S experienced in the abovementioned periods is in line with what we describe on our website as warranting compensation of between £750 and £1,500. And I think Mr S should receive compensation at the higher end of this category. And I think £1,250 is fair. This means I think RSA needs to pay Mr S a further £750 in compensation for distress and inconvenience to cover the periods between December 2021 and July 2022 and May 2023 and February 2024.

My provisional decision

For the reasons set out above, I've provisionally decided to uphold Mr S's complaint and make Royal and Sun Alliance Insurance Limited do the following:

- Pay him a further £1,446 in settlement of his claim, plus interest at 8% per annum simple from the date it paid the compensation which it said included an amount for removal of

the hedge at his property to the date of settlement.

- *Pay Mr S a further £750 in compensation for distress and inconvenience.*

I gave both parties until 8 May 2025 to provide further comments and evidence in response to my provisional decision.

Mr S has said he doesn't have any further comments or evidence to provide.

RSA responded querying why I'd addressed the amount payable for the removal of the hedge, as it did not form part of this complaint, as it was part of Mr S's previous complaint.

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, my view on the fair and reasonable outcome to it remains the same as set out in my provisional decision.

As I have already explained to RSA, the issue regarding the removal of the hedge was not considered by it as part of Mr S's previous complaint, so can clearly be considered as part of this complaint.

Putting things right

For the reasons set out in my provisional decision, I have decided to uphold Mr S's complaint and require RSA to do the following:

- Pay him a further £1,446 in settlement of his claim, plus interest at 8% per annum simple from the date it paid the compensation which it said included an amount for removal of the hedge at his property to the date of payment.*
- Pay Mr S a further £750 in compensation for distress and inconvenience.**

* RSA must tell Mr S if it has made a deduction for income tax. And, if it has, how much it's taken off. It must also provide a tax deduction certificate for Mr S if asked to do so. This will allow Mr S to reclaim the tax from His Majesty's Revenue & Customs (HMRC) if appropriate.

** RSA must pay the compensation within 28 days of the date we tell it Mr S accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

My final decision

I uphold Mr S's complaint about Royal and Sun Alliance Insurance Limited and require it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 June 2025.

Robert Short
Ombudsman