

The complaint

Mr and Mrs C complain that Royal & Sun Alliance Insurance Limited (“RSA”) failed to adequately progress their claim for subsidence damage, when it paid out for the claim and then asked for some of the money back, saying it had overpaid them.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them at length again here. Instead, I’ll provide a brief summary of the circumstances and then focus on the reasons for my decision.

In February 2022 Mr and Mrs C made a claim after discovering cracks in the ceiling of their home. RSA appointed loss adjusters to find the cause of the damage, which was confirmed to be subsidence. A scope of works was prepared and repairs commenced.

Throughout the course of the claim there were some disagreements between the parties about what was covered, and there were times when works were stopped. Some work was cash settled and some was carried out by RSA’s appointed contractors. Various issues arose, including that RSA said it had overpaid Mr and Mrs C when it paid them a cash settlement.

Mr and Mrs C didn’t agree. They said in any event the remaining works were likely to be more than what had originally been expected. But RSA refused to progress the claim on the basis that there was an outstanding overpayment of £9,672.65, which Mr and Mrs C refused to pay back.

Mr and Mrs C made a complaint, saying they wanted RSA to send surveyors to the property and examine the remaining damage and make a fair decision about the required works and the cost of those works. RSA said in response that a further visit wasn’t necessary and that Mr and Mrs C would need to return the overpayment before any progress could be made.

As Mr and Mrs C didn’t agree with RSA’s response, they referred their complaint to this service. Our Investigator considered it, and thought it should be upheld, recommending – in mid-March 2025 – that RSA carry out a further site visit to assess the outstanding work and produce a new scope of works. Both parties accepted our Investigator’s view, but Mr and Mrs C remained unhappy with the lack of progress, telling us in mid-May 2025 that RSA hadn’t got in touch with them about a visit and hadn’t paid them the compensation due.

So, Mr and Mrs C asked for their complaint to be referred to an Ombudsman for a decision. The complaint has therefore come to me to decide.

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.

As this is an informal service, I’m not going to respond here to every point raised or

comment on every piece of evidence Mr and Mrs C and RSA have provided. Instead, I've focused on those I consider to be key or central to the issue in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I agree with the conclusions reached by our Investigator and I'm upholding this complaint for the following reasons:

- Mr and Mrs C's policy with RSA says it will cover them for subsidence damage and will pay for the cost of the work carried out in repairing or replacing the damaged party of the buildings as well as any agreed fees and related costs. I can't say fairly that it's done that – so I can't safely conclude at this stage that RSA has met its obligations under the insurance contract it holds with Mr and Mrs C.
- The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the 'Insurance: Conduct of Business Sourcebook' (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim. It should also settle claims promptly once settlement terms are agreed. I've kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.
- And based on what's happened so far in the claim, I don't think RSA has met its obligations under ICOBS to settle the claim promptly and fairly. Whether there has been an overpayment or not, RSA has made a mistake at some stage – either in overpaying Mr and Mrs C or in telling them, incorrectly, that it's overpaid them. In any event, I think it would be fair and reasonable for RSA to take additional steps to ascertain whether there has been an overpayment or not, in light of the fact that Mr and Mrs C believe the cost of work to have increased.
- It follows that I agree with our Investigator, that any alleged overpayment doesn't excuse RSA of its obligations to put Mr and Mrs C's property back into its pre-incident state. It follows therefore that I'll require RSA to carry out a further site visit so that an agreement can be reached and progress can resume.
- If Mr and Mrs C don't agree with the outcome of a further site visit, or an amended scope of works, then they will be able to raise that with RSA at that time, and – subject to the usual rules and time limits that apply – they may be able to refer a new complaint to this service about that.

Putting things right

Royal & Sun Alliance Insurance Limited ("RSA") should now:

- Arrange a further visit to the property in order to assess the outstanding damage and the work required.
- Produce a new scope of works or a variation to the existing scope of works, setting out what needs to be done to put the property back into its pre-incident condition.
- Once the above has been carried out, reach a fair and reasonable agreement with Mr and Mrs C regarding the next steps.
- Pay Mr and Mrs C £350 compensation for distress and inconvenience. Royal & Sun Alliance Insurance Limited must pay the compensation within 28 days of the date on

which we tell it Mr and Mrs C accept 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 a rate of 8% per annum simple.

My final decision

My final decision is that I uphold this complaint and I direct Royal & Sun Alliance Insurance Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 21 June 2025.

Ifrah Malik
Ombudsman