

The complaint

Mr and Mrs S complain about how Royal & Sun Alliance Insurance Limited (“RSA”) has handled their home insurance claim.

RSA is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As RSA has accepted it is accountable for the actions of the agents, in my decision, any reference to RSA includes the actions of the agents.

What happened

In August 2024, Mr and Mrs S made a claim under their home insurance policy with RSA after an escape of water caused damage to their house and contents.

RSA instructed a loss adjuster to deal with the claim. Various suppliers were appointed to deal with drying works, contents settlement and reinstatement works.

Mr and Mrs S were offered the option of alternative accommodation as the property was uninhabitable. However, they moved in with relatives, so RSA said it would pay them a disturbance allowance of £40 a day while drying works were carried out.

Mr and Mrs S raised several concerns with RSA. They were unhappy with the attitude of and communication from the loss adjuster, who insisted the property was dry and habitable. Mr and Mrs S disagreed that it was safe to move back into the property, but the loss adjuster had stopped their disturbance allowance payments. They were also unhappy with a delay in the claim’s progress. They hadn’t been given a date for reinstatement works to commence.

RSA agreed to continue the disturbance allowance payments. It acknowledged there had been some poor communication and the claim had been handled poorly. It awarded Mr and Mrs S £200 compensation, which it said would be paid into their bank account. It also arranged for their claim to be moved to a different loss adjuster.

Mr and Mrs S remained unhappy and referred their complaint to the Financial Ombudsman Service.

Our investigator thought Mr and Mrs S’s complaint should be upheld. He didn’t think £200 was enough to compensate them for the distress and inconvenience they had experienced due to RSA’s poor service. So, he recommended RSA increase the compensation by £150.

Mr and Mrs S disagreed with our investigator’s outcome. They thought RSA had been let off lightly considering the amount of time, stress and hassle they’d had to endure. They didn’t think the original loss adjuster had acted with integrity or fairly when dealing with their claim. They felt RSA should be held accountable for their actions so steps could be taken to ensure this didn’t happen again. So, the complaint has been passed 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.

Having done so, I've reached broadly the same conclusions as our investigator. I'll explain why.

I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise.

In this decision, I've considered matters complained of up until RSA's final response letter of 7 January 2025.

The relevant industry rules require insurers to handle claims promptly and fairly.

According to RSA's records, the drying company said the property was fully dry in September 2024, a few weeks after Mr and Mrs S made the claim. RSA's loss adjuster said the property was habitable, but Mr and Mrs S disagreed. They said there was a musty smell in the house, there were exposed carpet grippers/staples, a shower door that didn't close, a bathtub in the landing and lifted floorboards in the bathroom. Mr and Mrs S were concerned about health and safety if they moved back into their home.

I can see that the loss adjuster wouldn't agree to continue to pay them the disturbance allowance from the time the property was considered dry. However, RSA later agreed to continue the payments. So, it appears to have accepted that the property wasn't fit to live in.

Mr and Mrs S say a building surveyor attended in late November and said that reinstatement work couldn't begin because the property was still wet. The drying company attended a couple of weeks later and declared the house dry. There was a dispute about whether or not the property was dry, and drying equipment was put back into the house in February 2025.

RSA has provided reports from its suppliers which support what Mr and Mrs S have said. A report from the drying company dated 13 December 2024 says the property was dry and reinstatement could take place. However, a report from the supplier appointed to manage the repair confirms the property was too damp for works to start in late January.

I'm satisfied, from what I've seen, that RSA is responsible for some avoidable delays to the progress of the claim. Mr and Mrs S have told us they were staying with family members because the location was convenient, but conditions were cramped. At the time of RSA's final response of 7 January 2025, there was no start date for reinstatement works which was no doubt frustrating for them.

I also agree that RSA's communication with Mr and Mrs S has been poor. This has resulted in some unnecessary worry, frustration and inconvenience for them.

However, as explained, I can only consider matters complained of up until 7 January 2025 in this decision. When thinking about a fair award for compensation, I also need to separate the impact of the escape of water event itself from the additional distress and inconvenience Mr and Mrs S experienced as a result of RSA's poor service.

No matter how well RSA handled the claim, Mr and Mrs S would always have experienced some distress and inconvenience as a result of the damage to their home and the claims process.

I understand Mr and Mrs S feel RSA should be held accountable for its actions to prevent further instances of poor service. However, it's not our services role to fine or punish a

business. I can only consider the impact of RSA's poor service on Mr and Mrs S when awarding compensation

RSA has agreed to pay Mr and Mrs S the £150 our investigator recommended it pay them in addition to the £200 it awarded them in its final response to their complaint. £350 is in the range of what our service might typically award where the impact of a business's mistakes has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. So, I think it reasonably recognises the impact of RSA's poor service on Mr and Mrs S for the period I'm able to consider here.

Putting things right

RSA should pay Mr and Mrs S £150 (in addition to the £200 it's already paid them for this complaint).

My final decision

For the reasons I've explained, I uphold Mr and Mrs S's complaint and direct Royal & Sun Alliance Insurance Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 7 August 2025.

Anne Muscroft
Ombudsman