

The complaint

Mr and Mrs S have complained about the way Royal & Sun Alliance Insurance Limited (RSA) have dealt with a claim they made under their home insurance policy.

What happened

A car crashed into Mr and Mrs S's home in October 2022. They made a claim to their insurer, RSA.

Since then, they have made a series of complaints to RSA about its handling of the claim.

In February 2024 there was a meeting on site between Mr and Mrs S, their appointed loss assessor (LA) and an appointed Surveyor of RSA. The purpose of the meeting was to complete a scope of works (SOW) based on an independent Surveyor's assessment.

Following the meeting, Mr and Mrs S provided quotes for the works as RSA requested. But on reviewing the quotes, RSA said it included works it hadn't agreed were incident related. RSA provided a settlement amount for the works it said it would cost an appointed contractor to complete – and based on the works RSA agreed were incident related.

Mr and Mrs S complained to RSA. But RSA didn't uphold their complaint.

Mr and Mrs S asked us to look at their complaint. They want an independent assessment of the damage to be undertaken. They want RSA to meet the quote which matches their SOW.

One of our Investigators reviewed the evidence provided by Mr and Mrs S's LA, RSA's appointed Loss Adjuster, and the independent surveyor who compiled a SOW for Mr and Mrs S, along with a report provided by Mr and Mrs S from a flooring specialist.

The Investigator found the SOW provided by an independent Surveyor to be comprehensive and detailed, and compiled with all parties present in February 2024. Among other items included, RSA hadn't agreed to meet the costs of replacement flooring within the SOW. Having discussed the matter with Mr and Mrs S and their LA, the Investigator thought a fair outcome was for RSA to meet 50% of the replacement flooring costs as incident related damage.

The Investigator explained that RSA could pay a cash equivalent sum for the agreed works, or arrange for the works to be carried out by an appointed contractor of RSA. But he explained that RSA was entitled to pay a cash sum based on the rates it would pay its appointed contractor. The Investigator understood Mr and Mrs S didn't agree and wanted a breakdown of RSA's costings. But he explained that this is commercially sensitive information which cannot be shared.

The Investigator thought RSA should include any increase in costs and labour since the original SOW in February 2024 if Mr and Mrs S decide to accept a cash settlement.

RSA accepted the Investigator's view. Mr and Mrs S didn't agree. In summary they welcome the recommendation for the flooring issue. But they disagree with the proposal for RSA to be

able to either pay a cash sum based on what it would cost its appointed contractor to do the work, or instruct one of its approved contractors to carry out the works.

So as Mr and Mrs S disagree, the case 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.

I understand Mr and Mrs S's concerns as to what they see as a late introduction of a new contractor to the claim and works if appointed by RSA. They are unhappy that their appointed LA will have to oversee a potentially unfamiliar contractor through what they describe as a late-stage entry process – with access to competitors' costings while not revealing their own. They say this process is inherently unfair.

Mr and Mrs S's policy with RSA sets out how it will deal with a claim. The policy says;

"When settling your claim, we will look to repair or replace lost or damaged property where we consider it appropriate. We have developed a network of contractors, repairers and product suppliers dedicated to providing claim solutions.

Where we can, we will offer to repair or replace through one of our network of contractors, repairers and product suppliers. If you would prefer to use your own tradesman or supplier we can pay you a cash settlement.

The cash settlement will not exceed the amount we would have paid our preferred supplier. If we can't replace through a supplier then the full replacement price will be paid.

No allowance will be made for VAT when a cash settlement is made.

All building repairs carried out by our approved contractors and insured under the buildings section of this policy are guaranteed for 12 months in respect of quality of workmanship."

Mr and Mrs S say as RSA accepted an alternative resolution by accepting the inclusion of their LA and considering an independent SOW, it shouldn't now be able to rely on the original policy terms. I've seen nothing to suggest that RSA is acting unreasonably in relying on the policy terms clearly set out when Mr and Mrs S bought the policy. It therefore follows that I don't find RSA to be unreasonable in applying those terms when settling Mr and Mrs S's claim.

As the Investigator explained, the costs an insurer uses when calculating works are commercially sensitive and so cannot be shared. So this service cannot interfere with an insurer's commercial decision. We can consider whether an insurer has acted reasonably and in line with the policy.

Mr and Mrs S believe RSA should have offered the works out for tender. But the policy doesn't say RSA needs to do this.

I agree with the Investigator that the SOW provided by the independent Surveyor for the multi-party site meeting in February 2024 carries more weight than the information provided by RSA's LA in deciding a fair outcome here. So, I think this is the scope RSA should work from to deal with the claim.

In relation to the flooring, the SOW quotes £15,525 to replace wooden flooring, of which I agree not all has been damaged in the incident. So, I think a fair outcome is for RSA to include 50% of the costs to replace the flooring when dealing with the claim.

I appreciate Mr and Mrs S are unhappy with the length of time it is taking to progress matters. It's clear that there has been much back and forth to discuss the claim and dispute elements of the works. I don't think RSA has caused avoidable delay here.

My final decision

My final decision is that I uphold this complaint. I require Royal & Sun Alliance Insurance Limited to do the following:

- Rely on the independent Surveyor's SOW when settling Mr and Mrs S's claim, save to include 50% of the costs of the flooring.

It is up to Mr and Mrs S to decide whether they wish to accept settlement as a cash sum based on RSA's approved contractor rates, or for an approved contractor of RSA to carry out the works.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 10 September 2025.

Geraldine Newbold
Ombudsman