

The complaint

Mr H and Ms N complain that Royal & Sun Alliance Insurance Limited (RSA) have unfairly settled a claim made for subsidence to their property.

They complain that RSA has failed to fulfil the obligations placed on it by a final decision issued by this Service. And the settlement offered does not reflect the cost of the works completed to repair damage to the property which resulted from the subsidence.

They also complain about the service provided and delays in RSA providing its settlement offer.

What happened

The details of this matter are well known to both sides, so I'll highlight the relevant points only.

Mr H and Ms N's property was damaged by subsidence with notification of loss being provided in August 2022. The bulk of the damage caused was to the conservatory at the property with some damage to the drainage system also noted.

RSA declined to settle the claim and cover the damage to the conservatory as it felt this had been built on defective foundations. A complaint about the claim decision was made and an ombudsman colleague of mine, issued a decision which directed RSA to settle the claim as they didn't think it was fair and reasonable to say the foundations were defective.

Due to the time that had passed since the claim was first made and with concerns about the structure of the conservatory, Mr H and Ms N had the repair works completed to the property with their own appointed contractors. The work included the replacement of the old conservatory, including the removal and reinstatement of the foundations, with the new foundations being considerably deeper than the original ones.

RSA said it was not willing to cover the costs of the replacement foundations (substructure works). It said with the depth of these being increased, the repair was placing Mr H and Ms N in a better position than they were pre-loss. This was not its obligation under the policy and not something it would have done had it completed the works. It said it would have removed the vegetation which was the cause of the subsidence and this was a more cost-effective solution to stabilise the property and allow for the repairs.

RSA accepted there was delays in it organising its settlement for the claim and this had added distress and inconvenience and it paid Mr H and Ms N, £250 in October 2024 as well as £150 in May 2024.

It maintained that it didn't think it needed to cover the costs of the substructure work and explained how it had reached the settlement it had. As the invoice received from Mr H and Ms N didn't have a breakdown of the costs, it hadn't paid more than what its appointed contractor would have cost to complete the repair. But said it would consider the additional costs once a breakdown was received. And it agreed to cover the arborist costs and legal

fees associated with the claim and complaint.

Our investigator looked at this complaint and said they didn't think RSA needed to do anything else, based on the information available to them. They said they didn't think RSA was unfair not to provide cover for the substructure repairs. They felt the foundation work completed did reflect betterment to Mr H and Ms N and went beyond the obligations on RSA with this claim. They felt that normally the removal of vegetation in the first instance, is sufficient to stop the movement and this should have been completed as a more cost-effective solution to mitigate the loss. It hadn't been demonstrated this was not appropriate or something that couldn't be achieved.

They explained RSA would be expected to cover the costs of the repairs that Mr H and Ms N had incurred. This is because RSA didn't complete the work and it would be unreasonable for Mr H and Ms N's costs not to be met when RSA had not been able to do the repairs. But with the quotes provided and there being no breakdown of the costs, they weren't persuaded that Mr H and Ms N had demonstrated what the costs of the repairs were, without the inclusion of the substructure work.

RSA had offered to consider new information as it was provided to help determine its final settlement value, beyond what it has already paid. The investigator stressed that they expect fully itemised cost breakdowns to be carefully considered and for RSA to adjust the settlement in line with these. But the quotes provided to date, didn't show RSA was able to do this and its offer to review future information was fair and reasonable.

It was accepted delays had been added to the settlement but they felt the awards made by RSA for the service failings was fair and reasonable and they didn't ask RSA to increase this.

Mr H and Ms N didn't accept the investigators recommendation.

They didn't agree that the increased foundation depth was betterment. It was done to allow the conservatory to be built on a stable foundation and was needed. And when the trees responsible for the root damage and movement couldn't be removed, it was a reasonable step to take. They said requests were made to neighbouring properties for the trees to be removed, but these were refused and so their action to increase the foundation depth was reasonable. They also said the opinion of their contractor was, that the original foundations were beyond repair and their reinstatement simply placed them back in the position they would have been before the damage occurred.

The costs claimed also included reinstatement work to the patio and gardens which was caused when the foundation work was completed and it was fair that RSA cover these costs.

Our investigator said their opinion remained and the case was referred for decision as a result.

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've decided not to uphold this complaint, for much the same reasons as our investigator. I'm satisfied the actions and offers made by RSA, based on the information provided to it are fair and reasonable. And in the absence of anything else, I don't think its treated Mr H and Ms N

unfairly.

My role is not to handle the claim made and decide what should and shouldn't be paid. Instead, it's to determine whether RSA has fairly handled the claim or whether I think it needs to do more.

When dealing with a claim for subsidence, an insurer is expected to resolve or stop the movement occurring but it is unreasonable to extend this expectation to make sure the property never moves again. But it needs to make sure though, that any repairs completed are effective and lasting. With an intention to put the policy holder back into the position they were prior to the loss.

Our investigator explained that generally, the removal of vegetation which is shown to be the cause of movement results in the stabilisation of the structure. It is a common first step ahead of more costly substructure works being completed as it can avoid this being needed.

I've considered whether it has been demonstrated that the substructure work undertaken here, has been shown to be needed.

The evidence provided includes the opinion of Mr H and Ms N's contractor as well as photographs of the damage. The loss assessor notes from RSA also give some commentary on this. The opinion of the contractor is that the previous foundations were beyond repair and replacement was needed to allow for the effective and lasting repair.

RSA's opinion is that in the first instance the removal of the vegetation and monitoring should have been undertaken. If this showed the property was stable, the additional substructure works would not be needed.

I'm not persuaded that the opinion of Mr H and Ms N's contractor demonstrates that the removal of the vegetation would not have provided an effective and lasting repair. Nor have they demonstrated the removal of the vegetation was not an option. Reference has been made to the neighbouring properties not agreeing to the recommendation for trees to be removed, but I've not seen anything to support this. Nor that this has been provided to RSA for its consideration.

In the absence of this and the replacement of the foundations being done at a considerable depth compared to the previous foundations, I think it is fair to say there is betterment.

I have not been persuaded this work was needed based on the information provided and with this, I don't think RSA has made an unfair claim decision at this point, not to include the work within its settlement. This might be something it re-considers as more information is provided but it has not been unreasonable in its claim decision to date.

RSA did not offer to complete the works with the claim not being accepted when first made and this means Mr H and Ms N were not able to use its contractors. With this in mind, it is not fair for RSA to limit itself to what the claim would have cost it and it will need to carefully review the information provided by Mr H and Ms N with the itemised breakdown of their costs.

The two quotations provided from August (£49,055.25) and September (£71,500) 2022 are both significantly in excess of the costs currently agreed and RSA's settlement amount of £33,629.32.

The September quotation does show this includes the costs of replacing the foundations at the greater depth. As I've said, I am not persuaded it has been demonstrated this was

needed. But it doesn't show the cost incurred with an itemised breakdown in the absence of this, so knowing what the costs of the work are without it, is not clear.

RSA has said it will consider more information as provided and with the work having been completed, an invoice for this with an itemised breakdown will demonstrate the actual cost to Mr H and Ms N. And I'd expect RSA to review what Mr H and Ms N provides to show the cost they've incurred in having their repairs completed.

However, with the quotes not being clear on the actual cost incurred with a breakdown of this, I don't think RSA has acted unfairly when considering what the cost would have been to it and offering this as its settlement for the claim in the first instance. Its settlement is based on a schedule of works anticipated to reinstate the conservatory and I think this is a fair reflection of the work needed and Mr H and Ms N will need to demonstrate what the cost of this work being completed, was to them.

There is no dispute that RSA and its loss assessor added delays after it was directed to settle this claim and this will have caused distress that could have been avoided. But I am satisfied it has fairly compensated Mr H and Ms N for this and I see no reason to ask it to do any more in response to this.

Overall, I don't think RSA has unfairly handled the settlement of this claim. This is based on the information it has been provided to date and it will need to review more information that is provided to determine what else needs to be included. The details presented by Mr H and Ms N as to why the substructure was completed do not show this isn't betterment, or that in the absence of this, an effective and lasting repair couldn't be achieved. So, I don't think it has unfairly declined to cover the cost of this work.

RSA has offered to review itemised breakdowns of cost when an invoice is received and this is a fair and reasonable offer at this time.

My final decision

For the reasons I've explained above, I don't uphold Mr H and Ms N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Ms N to accept or reject my decision before 12 August 2025.

Thomas Brissenden
Ombudsman