

The complaint

Mr and Mrs M complained about the total time their escape of water claim took to be settled. They thought the repairs were done to a poor standard under their home insurance policy with Royal & Sun Alliance Insurance Limited ("RSA"). They were unhappy about their living arrangements towards the end of the claim and part of the settlement. Mr and Mrs M have had some representation during the complaint, but for ease and simplicity, I'll only refer to Mr and Mrs M.

What happened

RSA accepted Mr and Mrs M's claim for damage caused by an escape of water in their home. However, they were generally unhappy with how their claim was handled.

Mr and Mrs M were disappointed with delays to their claim. From the time the claim was made to all the repair work been completed was around 11 months. Whilst acknowledging some of the claim could've been progressed quicker, RSA said most of the delays were out of its control.

Mr and Mrs M were unhappy with the standard of work that was carried out. RSA's contractors had to come back more than once to rectify issues with the repairs. There was a disagreement over the quality of the replacement flooring put down and the subsequent settlement made in relation to it.

Mr and Mrs M were provided alternative accommodation (AA) for around seven weeks whilst the repairs were being carried out. However, they felt forced to move back into their own home too early as the accommodation they were staying in couldn't be extended. Mr and Mrs M said the conditions when they returned home were terrible and they had to live out of their conservatory. They said it was the only part of the house they could afford to heat on a temporary basis. RSA said it wasn't aware Mr and Mrs M had returned to their own home.

RSA acknowledged the early part of the claim could've been dealt with swifter and the right information could've been passed on to its specialist contractors earlier. It waived Mr and Mrs M's £250 excess payment. RSA replaced the washing machine its contractors damaged. RSA paid £250 as it said its contractors caused some inconvenience and it allowed Mr and Mrs M to retain a disturbance allowance of £390 even though they'd moved back into their own home. It also paid £60 to reflect laminate flooring had been laid rather than engineered oak.

Our investigator decided not to uphold the complaint. He felt RSA had considered all the points that Mr and Mrs M had made and for the mistakes it made. He thought RSA had compensated Mr and Mrs M fairly for the inconvenience caused. Mr S and Mrs M disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 5 June 2023. I said:

"I see the damage claim was initially reviewed by one contractor. However, RSA realised due to the type and scope of the claim that a more specialist contractor would need to be appointed. I can see three months passed after the initial incident was reported. RSA acknowledged this handover should've occurred earlier.

From the timeline, I can see initial options were provided to Mr and Mrs M in April time. But the start of the work wasn't booked in until the end of August. I appreciate RSA said some of the delays were out of its control - but the fact AA was offered shows the house was in poor condition. So, I think RSA should've done more to speed up this timeline, especially given Mr and Mrs M's vulnerable circumstances.

I see Mr and Mrs M were told the work would be completed by the end of September. However, as the work was not progressing well, Mr and Mrs M escalated their concerns. They said the contractors had only done one day of work in three weeks.

I see further delays were caused as some of the work wasn't up to the necessary standard. I think it's fair that RSA is allowed to rectify any faults, however, this has naturally led to further delays with the delivery of the settlement. So, whilst I appreciate RSA's point of view that not every part of the repair was known at the start of the claim, and new repairs emerged during the programme, I think the overall timeline of this claim has been too long. Given the vulnerability of Mr and Mrs M, I think RSA should've done more to accelerate this claim. Therefore, I intend to uphold this complaint.

I've considered what evidence exists to explain what happened with the AA arrangements. I see these were available to Mr and Mrs M from the start of the claim. However, they only chose to utilise these once the repairs commenced. Mr and Mrs M moved back to their home when they could no longer live at the arranged location as it was fully booked up. RSA said it wasn't aware they'd moved back home and said if it had been aware it would've made sure Mr and Mrs M were treated reasonably.

When Mr and Mrs M returned home they said they were confined to the conservatory due to the condition of their house. I know there wasn't much property available in the area as the previous search for AA didn't turn up many options. So, I can't be sure the end outcome would've been different. However, I don't think it's reasonable that RSA said it didn't know Mr and Mrs M had returned home.

RSA's contractor who was dealing with the AA should've been aware the booking was coming to an end. It should've done more to work on RSA's behalf to ensure Mr and Mrs M's needs were best served. RSA did pay a disturbance payment during the time at home. However, I don't think it has managed this part of the claim effectively. I think there could've been opportunities to do manage it better. Therefore, I intend to uphold this aspect of the complaint.

In summary, I think there were delays and poor handling evident during this claim – which were caused by RSA or its contractors. The handover between contractors could've been quicker, better communication of the process would've helped and there were several issues with the quality of work which needed rectifying. Also, I don't think RSA managed the AA arrangements effectively.

Mr and Mrs M were awarded £500 in compensation (which included £250 for the waiving of the excess). I appreciate Mr and Mrs M feel this isn't enough as RSA is getting a third party to contribute part of the money. However, this isn't relevant to my decision. My decision needs to assess what I think is fair for the distress and inconvenience caused. I think the long-term nature of the distress would've been difficult for Mr and Mrs M in their circumstances. There is evidence it has been. Living away from home for so long would've

been impactful on their way of life and would've caused significant inconvenience. Their move back home wasn't managed well when the AA ceased. Therefore, I intend to award an additional £500 compensation (so £1,000 in total).

Finally, I've considered the floor settlement. I can see that RSA's contractor originally agreed to replace the floor as Mr and Mrs M said it hadn't been fitted square. RSA's contractor said this was due to the walls not being square. I think it was reasonable to do this. However, Mr and Mrs M were unhappy with the replacement flooring that was eventually laid as they said it wasn't engineered oak. They said the flooring laid was laminate. RSA said Mr and Mrs M agreed to the flooring been laid. RSA said the flooring was different to what it normally uses so it would've only used it if it had been selected by Mr and Mrs M. However, RSA did agree to pay Mr and Mrs M £60 for the differing cost for engineered oak compared to laminate (or the allowance it made for the laminate).

I've considered this point and I find it hard as the evidence provided by either party isn't strong. Therefore, I've made my decision based on what's available. RSA by paying the differential has in essence agreed that Mr and Mrs M were entitled to engineered oak. However, it did say Mr and Mrs M had agreed to something different (the laminate). I haven't seen any evidence to support this agreement – if some exists it may change my mind. However, as I haven't seen it, I think Mr and Mrs M should be allowed the engineered wood floor, so it matches the quality of their previous floor (their entitlement under the policy).

Mr and Mrs M said the differential in cost is £60 per metre and they want to be compensated for the area of their room. However, I find this differential excessive. RSA has said the differential is £60 for the whole floor, which doesn't feel right either. So, to put this right, I think RSA should re-consider an offer for the settlement. However, if an agreement can't be reached with Mr and Mrs M, then I intend for RSA to replace the floor (supply and fit) with engineered wood”.

Responses to my provisional decision

Mr and Mrs M accepted my provisional decision in principle. However, they have expressed their preference to receive a cash settlement for their claim.

RSA rejected my provisional decision. RSA has provided information from its contractor that shows the planned works, however, it said it doesn't have any documentation that evidences Mr and Mrs M agreed to the material choices as a member of its team has since left the company.

RSA said “[Mr and Mrs M] never said they were unhappy to return home and accepted a disturbance allowance payment. If they had mentioned they were unhappy [RSA] would have sorted further AA as it was authorised up until till 1st November. Even if the hotel was fully booked the arrangements could be made elsewhere. Whilst I agree that the claim could have been managed better, the client never chased with the claims handler for further AA extension and claims were unaware that they returned home earlier. [Mr and Mrs M] called AA team to notify that they [were] checking out earlier and AA team confirmed if they needed further support to get in touch which [them] but the policyholder never [did]”.

RSA said, “there is also a note on the 2nd of November confirming that policyholder wished to stay at home rather than in AA”.

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.

Whilst I appreciate RSA has provided greater context to justify its views, the information provided hasn't persuaded me to change the decision. I'll explain why.

RSA has shown the works its contractor has planned to do. However, this is contrary to what Mr and Mrs M were expecting. RSA said it tried to do the right thing in paying Mr and Mrs M £60 for using a different material – but I don't think this payment is reasonable. It doesn't compensate Mr and Mrs M sufficiently. RSA hasn't managed to show that Mr and Mrs M agreed to the material choices. Without this key piece of evidence, coupled with RSA showing it accepted liability by agreeing to paying the additional sum, my original decision holds in respect to the flooring.

Mr and Mrs M have expressed a preference to receive a cash settlement. However, their claim for the differential cost was £60 per metre. I thought this was unreasonable, and they haven't provided sufficient evidence to justify this. And I don't have the information available to me to make an estimate of the differential cost myself. So, I think the decision I reached is the fairest one. If both parties act reasonably there is no reason why a cash settlement can't be agreed. Then, there is a fallback option to replace the floor if a fair agreement can't be reached.

RSA said there is a note which confirms that Mr and Mrs M wished to return home from AA. I have checked the note and it reads *"he also needs to submit receipts for laundry and the receipt for an oil heater as they returned home rather stay in AA but still have no heating"*. I don't think this evidence outweighs what I've already seen. Mr and Mrs M have expressed their dissatisfaction with the arrangements. I don't find it logical that someone would return home in sub-standard conditions if a suitable alternative offer had been made. I don't think this note expresses Mr and Mrs M wanted to return home.

Mr and Mrs M couldn't stay at the AA arranged as it was full, so they felt they didn't have any choice. RSA said, *"even if the hotel was fully booked the arrangements could be made elsewhere"*. I don't think RSA have provided evidence it provided Mr and Mrs M any options – I think it was happy for them to go home. I would expect RSA to manage arrangements effectively, so the situation was dealt with properly before Mr and Mrs M felt forced to leave the hotel that was fully booked.

My final decision

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

- Re-consider an offer for the settlement (regarding the differential cost of the wooden flooring). If an agreement can't be reached with Mr and Mrs M, then I require RSA to replace the floor (supply and fit) with engineered wood.
- Pay an additional £500 compensation (so £1,000 in total).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 9 August 2023.

Pete Averill
Ombudsman