

## **The complaint**

Mr and Mrs K complain about Royal and Sun Alliance Insurance Limited's (RSA) settlement of their claim under their home insurance policy.

## **What happened**

Mr and Mrs K discovered a leak coming from their bathroom. The escape of water caused damage to a few rooms. Mr and Mrs K contacted RSA who sent an emergency plumber to isolate the leak. They also sent a loss adjuster who wrote a report regarding the damage, as well as a scope of works (SOW).

Following the SOW, RSA made a settlement offer initially of £7,769. Because of this Mr and Mrs K obtained quote from some independent engineers. The first was for £22,338, the second was for £19,400 and a third for around £20,000.

Given Mr and Mrs K's quotes, RSA reviewed its loss adjuster's report. It considered a larger wall and floor space, rescoped the works and ultimately increased its settlement offer to £13,331.75. Mr and Mrs K were unhappy with the settlement figure, so raised a complaint.

In its final response, RSA said that the quotes that Mr and Mrs K provided far exceeded what it would've expected. Further, it highlighted the differences between its scope and that of the independent contractor's scope. It said that it had validated and provided a settlement that was in line with the policy terms and conditions. And as a result, Mr and Mrs K could either accept the settlement or permit RSA's engineers to carry out the repairs.

Mr and Mrs K were given their referral rights and as they remained unhappy with the settlement offered, referred a complaint to our service.

One of our investigators considered the complaint and didn't think it should be upheld. She said that under the policy terms RSA had the option of settling claims based on the lowest of its contractor's repair costs, and that of Mr and Mrs K's nominated contractor's repair costs. She found that RSA's liability was £10,665.40. But in an attempt to settle, RSA had increased its offer to £13,331.75. She concluded that RSA's scope had accurately reflected the necessary repairs, so the settlement was fair in the circumstances.

RSA accepted the view, Mr and Mrs K did not. They felt that the complaint hadn't been given due diligence. That the tiles were of a high standard and that it would be impossible to carry out the repairs as suggested. They also felt that the settlement figure was too low to carry out a like-for-like repair, which is what they had paid for in their premiums. So, they asked for a decision from an ombudsman.

## **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 won't uphold this complaint. I understand this is likely to be a disappointment to Mr and Mrs K. But I hope my findings go some way in explaining why I've reached this decision.

I've reviewed all the evidence that both parties have provided, as well as the policy terms and conditions. I think the starting point of this complaint is to review the policy terms and conditions. As this is the contract that both parties agreed to, and outlines what the obligations are for both parties.

Under the '*how to make a claim*' section of the policy document, it states:

*'If instead we agree to pay a cash settlement where we could've offered repair or replacement, the payment won't normally exceed the amount we'd have paid our contractor, repairer or supplier.'*

The policy terms further clarify how much will be paid by RSA, if a policyholder chooses to carry out the repairs themselves:

*'Where repairs are carried out, the amount we'll pay will be either:*

- the cost of the work if it was carried out by our nominated contractor, or*
- the cost of the work based on the most competitive estimate or tender you got from your nominated contractors. We'll pay whichever's the lower amount.'*

Based on the policy terms and conditions, I'm satisfied that RSA's obligations were to provide a settlement that was the lowest of either its nominated contractor, or Mr and Mrs K's nominated contractor. Because of this, I've reviewed both parties' scope of works to see where the variations arose.

I note that the line items on RSA's SOW are virtually the same as those on Mr and Mrs K's quotes. The variation it seems are that the amounts quoted, which are considerably higher, in Mr and Mrs K's SOW.

Also, on the lowest quote that Mr and Mrs K provided, it included work that RSA said would amount to refurbishing the bathroom, rather than repairing it. For instance, there is mention of adjusting, reworking and making good of the plumbing first fix. RSA highlight that for refitting existing sanitaryware, adjusting plumbing would not be required.

In addition, Mr and Mrs K have provided some photos of the bath, which they say shows that the bath has been fitted on top of tiles. And as such it would be impossible to carry out repairs to the same high standard. However, having looked at those photos, I don't agree. The bath looks like it has a box around it that has been tiled, so the bath isn't fitted on top of the tiles. So, I think it's likely that it will be easier to replace those tiles in the same position.

Consequently, not only am I persuaded that some of the work that appears on Mr and Mrs K's quotes relate to the refurbishment of the bathroom, I also think that RSA (who have given Mr and Mrs K this option) has provided enough evidence to show that it would be able to carry out the repairs to the bathroom, to the same high standard, for less than the quotes that Mr and Mrs K provided.

From what I can see, RSA's liability was £10,665.40. It offered Mr and Mrs K a total of £13,331.75, in an attempt to settle the claim. Given that the policy terms and conditions indicate that the settlement would be for the lowest of either RSA's nominated contractor

costs or Mr and Mrs K's nominated contractor costs, then I think RSA was fair to offer an increased settlement, in an attempt to settle the claim.

I acknowledge Mr and Mrs K's strength of feeling about this complaint. But, in the overall circumstances of this complaint, I haven't seen enough evidence to show that RSA was unfair, or unreasonable in the settlement of their claim. So, I can't reasonably ask it to do anything further here.

### **My final decision**

For the reasons given, I don't uphold Mr and Mrs K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 30 January 2024.

Ayisha Savage  
**Ombudsman**