

The complaint

Miss M and Mr B think Royal & Sun Alliance Insurance Limited (RSA) hasn't fairly settled a claim they made for damage to their bathroom.

What happened

In early 2023 Miss M and Mr B were in the process of having their bathroom renovated. Their builder discovered water damage in the room as he was stripping it out, and Mr B told us this added about £3,600 to the cost of renovating the room. He and Miss M continued with the work as their builder was only available for a short period of time.

A few days later Miss M and Mr B decided to make a claim for the damage on their home insurance policy. Initially RSA said it wouldn't meet the claim, but after Miss M and Mr B complained it reviewed its position and said it would contribute towards the cost of repairs. RSA said it wouldn't pay for full reinstatement of the room as it was in the process of being renovated when the damage was discovered. RSA paid £4,150 (minus the policy excess of £350) towards the repairs and an additional £200 for the way it handled the claim, as it did agree it had refused the claim too soon.

Miss M and Mr B didn't think that was enough, but RSA hasn't agreed to pay any more on the claim. They asked us to review their complaint. Our investigator said, in summary, that she thought RSA had done enough. She noted that the builder had stripped the room before the insurer's agent could fully inspect the damage, and that RSA had given Miss M and Mr B the benefit of the doubt that there had been damage caused by a leak. She also noted that RSA had based settlement upon costs submitted by Miss M and Mr B, and thought this was fair. She also pointed out that as there was no remaining evidence that any part of the bathroom suite had been damaged by the leak, RSA had fairly refused to meet this part of the claim.

Miss M and Mr B say RSA should be paying for substantially more repairs than they are, as the bathroom/suite was significantly damaged when the builder exposed and cleared the water damage.

I've been asked to decide this complaint.

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'm not going to uphold this complaint as I'm persuaded RSA has remedied its earlier mistakes fairly. I'll explain why.

RSA already acknowledged that it initially refused Miss M and Mr B's claim in error. So I'm not going to look at that in detail. Instead I'll concentrate on whether the settlement and compensation amounts are fair.

Claim settlement amount.

The policy that Miss M and Mr B hold contains two sections relevant to the settlement of this complaint. These are, in summary, that Miss M and Mr B are required to keep hold of any damaged items for inspection by RSA's agent, and that if a cash settlement is requested by a customer, RSA can limit this to paying the costs it would have incurred if it had commissioned the work itself.

Much of the damaged material had already been removed from site when RSA's agent attended – although there were signs of damage outside the bathroom in question. The bathroom suite had been removed entirely, and wasn't available for inspection.

Mr B says the bathroom couldn't have been repaired without removing the entire contents and that was impossible without wrecking what was already there. He's provided a photo of a bath full of plaster and rubble to support this. He and Miss M believe this means RSA should pay more towards the full restoration of the bathroom.

I'm not persuaded by that argument. Miss M and Mr B told us they were already in the process of stripping the bathroom when the damage was discovered. There's no mention that the builder was carefully removing items for re-instatement, and indeed the photo I saw suggests the opposite as it appears the bath was being used as temporary storage for debris.

The purpose of insurance is to return a customer to the position they were in before the damage occurred. In this complaint this seems to be that, but for the leak, Miss M and Mr B would have had a sound – albeit stripped – bathroom, ready for refurbishment. That's the position RSA has returned them to by paying for the repair work Miss M and Mr B had done to remedy the water damage. I think that's a fair resolution to their complaint.

Turning to the amount paid, I think this is also fair. It's based upon the actual cost Miss M and Mr B bore, plus some contributions to redecoration etc. I'm satisfied that payment of £4,150 less any excess is a reasonable amount, especially as Miss M and Mr B estimated that the additional work cost £3,600.

Compensation

RSA paid £200 to make up for the fact that it mistakenly delayed settlement of this claim. I appreciate that Miss M and Mr B had to deal with that, and it has caused some inconvenience. But the repairs weren't delayed so they haven't been without a bathroom for longer than they expected. I say that because the room was already out of commission when the damage was discovered and the builder included the repair work in the renovation he'd already started. Taking everything into account I'm satisfied the payment fairly reflects the inconvenience caused by RSA's mistake.

My final decision

My decision is that I do not uphold this complaint because Royal & Sun Alliance Insurance Limited has already resolved the complaint fairly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Miss M to accept or reject my decision before 2 January 2024.

Susan Peters
Ombudsman