

The complaint

Mr B complains about Royal & Sun Alliance Insurance Limited's decision to decline a claim made under his home insurance policy.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here.

Mr B has home insurance underwritten by RSA. This covers his home's buildings and contents, amongst other things.

Mr B made a claim in April 2022 after he noticed that an outbuilding at his home was dropping on one side and had a leaking roof.

RSA appointed loss adjusters to handle the claim – and they sent surveyors to inspect the outbuilding in April 2022 and then again in May.

RSA then declined the claim. Mr B says he was told this was because the issues with the outbuilding were due to settlement rather than subsidence and so weren't covered by the policy.

Mr B then commissioned his own surveyor to inspect the outbuilding. They concluded that the issues *were* in fact caused by subsidence, although they noted the foundations of the outbuilding were too shallow.

RSA considered Mr B's surveyor's report but maintained their decision to decline the claim was correct given that the issues were primarily caused by faulty workmanship.

Mr B complained to RSA. They admitted that the claim had been handled poorly by their loss adjuster and offered Mr B £500 in compensation for his trouble and upset. But they said their decision to decline the claim had been correct.

Mr B wasn't happy with this outcome and brought his complaint to us. Our investigator looked into it and didn't think RSA had done anything wrong.

Mr B disagreed and asked for a final decision from an ombudsman. He says the repairs to the outbuilding will cost around £25,000 and he wants RSA to pay for those repairs.

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.

Mr B's policy says that RSA will cover damage caused by subsidence, but not where it's caused by faulty workmanship.

Mr B's own surveyor's report quite unequivocally says that the foundations of the outbuilding

should be around two metres deep, whereas they are in fact 0.4 metres deep.

When he was asked about this, Mr B said he'd had the outbuilding built himself after he bought the property. Mr B is a builder and property developer.

In relation to the foundations, he said he'd specified "*a floating slab with a shallow perimeter detail*". And he added "*they (the foundations) should have been deeper*".

He also noted that the subsidence section of the policy had an exclusion relating to faulty workmanship, but the accidental damage section had an exclusion relating to faulty workmanship *and* poor design.

His point is that the issue with the outbuildings is down to poor design, not faulty workmanship. Poor design is not excluded under the subsidence cover section of the policy. And that must be intentional given that it is excluded in other sections of the policy.

I know this will disappoint Mr B but I'm not going to uphold his complaint. I'll explain why.

First, his own surveyor says the outbuilding is subsiding but only because the foundations are far too shallow. The primary cause of the issue then is not subsidence.

Subsidence is one of the insured events covered under the policy. But this problem is not primarily caused by subsidence. And it's not caused by any of the other listed insured events either. So, the damage isn't covered.

Second, Mr B originally said that there was no design for the outbuilding, it was a simple building implemented on site. Mr B says there are no plans or specification for the building at all. If we take that at face value, then the issue with the foundations can't be one of poor design.

Third, there are other conditions in the policy terms which require the policyholder to keep their property in good condition and good repair. There's a strong argument that Mr B failed to meet that condition when he built the outbuilding with – by his own admission – foundations which were too shallow.

Fourth, and possibly most fundamentally, it's neither reasonable nor justifiable to expect an insurer to pick up the bill for repairs and/or corrections to a building which has been built poorly by the policyholder themselves.

RSA have admitted failings in the way the claim was handled. This included the erroneous closure of the claim by the loss adjuster, which led to Mr B not being fully updated for a period of around five months.

Those failings undoubtedly caused a degree of stress and inconvenience for Mr B. I'm satisfied that the £500 RSA offered to Mr B is fair and reasonable compensation for his trouble and upset in that period of time.

My final decision

For the reasons set out above, I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 August 2023.

Neil Marshall
Ombudsman