

The complaint

Mr and Mrs K have complained about Royal & Sun Alliance Insurance Limited (RSA). They are not happy about the way a claim under their building insurance was dealt with following an escape of water.

What happened

I looked at this case and provided my initial thoughts in my provisional decision as follows;

Mr and Mrs K made a claim under their building insurance policy in relation to an escape of water in June 2022 that affected a large part of their property. The house was stripped, and drying equipment installed. Mr and Mrs K were offered alternative accommodation (AA) but due to their particular family needs they decided to remain in the property. However, the claim was drawn out and Mr and Mrs K felt they had to take a cash settlement in order to move the claim forward and they made a number of complaints to RSA. It acknowledged that it got a number of things wrong and that it had delayed the claim, so RSA offered £550 by way of compensation and paid a disturbance allowance for part of the claim.

As Mr and Mrs K remained unhappy, they wanted their policy excess waived and a full disturbance allowance paid, they complained to this Service.

Our investigator looked into things for Mr and Mrs K and upheld their complaint. She thought RSA's delay and lack of consideration of the extreme impact on the family wasn't fully considered when it should have been. And so, she thought RSA should pay a disturbance allowance for the whole period of the claim and that it should pay £800 compensation as opposed to £550.

As RSA didn't agree the matter has been passed to me for review.

What I've provisionally 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 agree with our investigator that the complaint should be upheld. But I'm suggesting a different settlement to the complaint, and I want to give both sides the opportunity to comment before I finalise my decision. I'll explain why.

I think it's important to explain I've read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said in this decision it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless it's relevant to the crux of the complaint. And as our investigator explained if Mr and Mrs K had any further difficulties after RSA issued its final response letters (FRL) on this complaint

then they would have to complain separately about these issues (anything after the December 2022 FRL).

In this case I agree with our investigator that I don't think RSA took account of the full impact that this claim had on this particular consumer. I think it is fully aware now how difficult a set of circumstances Mr and Mrs K faced which was impacted significantly by this escape of water insurance claim. It is accepted that they would have gone into AA if it wasn't for the significant impact this would have had on the mental health of their family. Their daughter's sleep routine and mental health has been heavily impacted by an extremely traumatic life event and I don't think RSA has embraced this, and the particular circumstances Mr and Mrs K faced in advancing this claim and considering their complaint which is surprising.

Given this, I can understand why our investigator has suggested that the level of compensation should be increased, and that RSA should pay a disturbance allowance. RSA has raised the point that it wouldn't normally pay such an allowance in circumstances like this as this wasn't really appropriate as the facilities could be used even if they were not ideal. I accept this point generally and I agree that it wouldn't be appropriate to pay this in these circumstances.

However, I do think that the level of compensation should be increased to take account of the impact the general delay and poor service had on Mr and Mrs K. And the significant impact the delay in finalising the claim had on their family at a particularly difficult time.

I don't think any amount of compensation would cover the particular circumstances the family faced. But I'm minded to say that RSA should pay an additional £700 compensation (£1,500 in total). I say this as the family were left in difficult circumstances for far longer than they should have been. And having considered the four complaint responses up to December 2022 I think this clearly impacted Mr and Mrs K a lot more than it would have affected other people in a similar situation given their personal circumstances.

RSA has acknowledged that there have been delays on the claim and there were changes in claims handlers without Mr and Mrs K being fully aware. It is clear that progress on the claim was slow and there were failings in putting things right under the claim and a failure to take the family's circumstances into account. I agree that RSA should've ensured that anyone dealing with the claim should've been aware of Mr and Mrs K's particular circumstances and the additional need to expedite matters.

Plus, Mr and Mrs K were left to live in difficult circumstances including the impact of having drying equipment for a prolonged period; exposed flooring downstairs and no carpets on the stairs leading into wintertime; various hazards around the house; no carpets; and parts of the kitchen (including lighting) wasn't fully useable.

I know RSA offered AA at the start of the claim, which Mr and Mrs K couldn't take up because of the difficult personal circumstances the family faced. But their circumstances should've ensured greater care and urgency was taken with their claim. And so, RSA should have considered the needs and particular circumstances of their policyholder more fully and failure to do so and the delay has caused this particular consumer a lot more stress and inconvenience here.

So, I think that RSA should pay Mr and Mrs K an additional £700 compensation (£1,500 total) as I think the impact of RSA's delay and poor handling here has caused additional distress, upset and worry. There has been serious disruption to their daily life for far longer than necessary which has had a substantial impact. And Mr and Mrs K had to raise multiple complaints to get things progressed.

Finally, I note that Mr and Mrs K suggested that they shouldn't have to pay their excess and RSA should waive it. However, the excess is due under the policy when a claim is made and so I can't ask RSA to waive it here.

Replies

Both sides responded to my provisional decision and accepted the position outlined. But RSA just looked to double check the suggested compensation figure with the investigator. And having done so agreed to pay £1,500 in total by way of compensation which was £950 more than RSA had originally suggested.

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 remain of the view that the complaint should be upheld, and that RSA should pay Mr and Mrs K a total of £1,500 compensation. And as both sides have accepted this position I don't propose to go over the matter again or provide any further comment.

Ultimately, I think RSA should pay Mr and Mrs K an additional £700 compensation, to the amount suggested by our investigator, equalling £1,500 in total. This is in acknowledgement of its delay and the poor handling of Mr and Mrs K's claim which caused distress, upset, and worry which had a substantial impact. And for clarity the level of compensation awarded is £1,500 (total) which is an additional £950 from the amount RSA originally suggested.

My final decision

It follows, for the reasons given above, that I uphold this complaint. I require Royal & Sun Alliance Insurance Limited to pay an additional £950 (£1,500 total) in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K and Mrs K to accept or reject my decision before 5 February 2024.

Colin Keegan
Ombudsman