

The complaint

Mr and Mrs O complain Royal & Sun Alliance Insurance Limited (R&SA) have handled their subsidence claim on their home insurance policy poorly. They say this has caused them severe distress and inconvenience along with financial loss. This decision covers the events that have happened from when they first made their claim up to February 2023.

Any reference to R&SA includes its agents.

What happened

Mr and Mrs O hold a home insurance policy with R&SA. In September 2019, they made a claim as they noticed cracks forming in the bathroom, bedroom, hallway and staircase. R&SA declined the claim as it didn't agree it was caused by an insured event – subsidence. But around four months later, after the decision was appealed, it accepted the claim.

Mr and Mrs O have said R&SA has caused significant delays throughout their claim. They've said they had to repeatedly chase it for updates, often receiving no response. Throughout the claim Mr and Mrs O highlighted to R&SA that further damage had been caused. They've said they've continuously asked to see an updated schedule but were sent the wrong one or nothing at all. In the meantime, Mr and Mrs O have said they've made other repairs to ensure the damage doesn't get worse and they think this should be covered by R&SA too.

As a result of the delays caused, Mr and Mrs O say their life has been significantly impacted. They've explained they need to move house to accommodate their larger family and a relative but they have been unable to for a number of years due to the ongoing claim and outstanding repairs. So instead they've housed their relative elsewhere and they've said their enjoyment of their property has been seriously affected.

After some back and forth, in October 2021 R&SA agreed to cover the cost of alternative accommodation and storage of Mr and Mrs O's belongings during the works. While the claim has been ongoing, R&SA has offered to cash settle Mr and Mrs O's claim. It initially offered around £900 which Mr and Mrs O declined. It later offered around £11,000.

Unhappy with the delays to their claim, Mr and Mrs O made a complaint. In October 2022, R&SA upheld their complaint. It agreed it had provided a poor service, caused avoidable delays and put Mr and Mrs O in a position where they had to keep chasing for updates and information before getting responses. It also accepted it hadn't reviewed or updated the schedule of works when it should have. So it offered them £1,000 in compensation. Mr and Mrs O didn't agree this offer was enough – and were disappointed there was still no assurance the work would be moved forward. So they raised a complaint with our service.

In its file, R&SA sent us its internal contact notes and records of all the communication between both parties. Our Investigator upheld the complaint and directed R&SA to pay an additional £500 to compensate them for the way it had handled their claim. She didn't think it needed to do anything to make up for Mr and Mrs O not being able to move property. And whilst she accepted they'd had to live in discomfort for some time, she thought that was a usual part of this type of claim. R&SA accepted our Investigator's opinion but as Mr and Mrs O didn't agree with our investigator, the case was passed to me to decide. I issued a provisional decision on this complaint in October 2023. I've copied my findings below:

"Delays and service

Both R&SA and Mr and Mrs O have given me timelines of what's happened in this case. Taking this, together with R&SA's contact notes and internal notes, I'm currently satisfied there have been continuous and lengthy delays caused by R&SA over the four years since Mr and Mrs O first made their claim, which have significantly impacted them. At the moment, I don't think the compensation suggested by our Investigator is enough to make up for this.

I can't see any reasonable explanation for the delays caused. Instead, it seems much of the delay was caused by no one actively managing or progressing the claim forward as there were long periods of time where nothing happened at all. And that has meant, Mr and Mrs O and their family have had to continue living in a property with outstanding repairs and a great deal of uncertainty for a prolonged period of time. R&SA says it's delayed Mr and Mrs O's claim by just over 13 months. But from what I've seen so far, I think it's been much longer – and there's been no meaningful movement for the four years since it began.

For example, it took around four and half months for R&SA to accept the claim from when it was first submitted in September 2019. I've looked at the report it commissioned when it first declined to cover the claim and whilst it categorised the damage as 'very slight' it suggested further investigation would be needed to determine whether the cause was subsidence or not. So I don't think R&SA had enough information at that time to decline the claim. And it only arranged for a subsidence consultant to visit the property in January 2021, after Mr and Mrs O appealed the decision, which I don't think they should have needed to do.

R&SA told Mr and Mrs O it couldn't start repairs until the vegetation around their property had been removed. After Mr and Mrs O had confirmed it had been removed around September 2020, there was no meaningful movement on the claim for several months. And R&SA didn't acknowledge the vegetation had been removed until over six months later.

Once the schedule was provided to Mr and Mrs O, they highlighted it was inaccurate. And looking through R&SA's internal and contact notes, I can see numerous occasions when Mr and Mrs O got in touch to chase for an updated schedule – for example, in March 2021, June 2021, August 2021, September 2021 and October 2021. Throughout this time, they often received no reply. And there were at least two occasions when they were sent the wrong schedule in response. I can also see they contacted R&SA for updates throughout the claim and regularly received no reply.

Mr and Mrs O have listed a number of losses they've suffered as a result of the delays to the claim. They've explained they've had to put their lives on hold as they've needed to move house to accommodate their growing family and their relative but haven't been in a position to sell their property. As a result, they've said they've lived very uncomfortably, sharing bedrooms and working space. And they've had to pay for their relative's rent and living costs while they are unable to live with her. They've also said they've been impacted by increased mortgage rates – and will likely suffer from a drop in their property value when they sell their house as they say the property market has crashed.

I accept Mr and Mrs O have had to put their lives on hold for much longer than they should have needed as a result of the delays to this claim. And I can imagine the uncertainty of when the claim would be resolved must've caused them upset over a number of years. I don't currently think R&SA's offer of compensation goes far enough to make up for this.

I understand Mr and Mrs O's view is that they could've sold their property before any drop in value. But I can't say it's more likely they would've been able to do this or upsize as they'd planned – if there were no delays. And considering they were looking to upsize, I think it's likely their outgoings would've been higher than they've been for the last few years as a result. So overall, I'm not currently satisfied it would be fair or reasonable to direct R&SA to cover the financial losses they've claimed here.

Taken together, I think the service provided by R&SA has been extremely poor and would have caused a great deal of unnecessary upset and worry to Mr and Mrs O during an already stressful time. And this could've been avoided if it had actively progressed the claim and communicated better with them. As a result of how it's handled things, Mr and Mrs O's property is still in a state of disrepair and they've been left living in uncertainty for a long time whilst continuously chasing R&SA for the same information and to move things forward.

To make up for what's gone wrong here and the significant impact on Mr and Mrs O's family life for a sustained period of time, at the moment, I think R&SA should increase its offer of compensation to £2,250. Mr and Mrs O have also asked for one contact at the business who will keep them updated and move things along and I don't think that's unreasonable. Considering how long Mr and Mrs O's claim has continued for, I also think R&SA should treat it as a priority. And it should provide them with a reasonable estimated timeframe for the works to be completed.

Further repairs not covered by the scope of works

Mr and Mrs O told R&SA there was further damage to their property around March 2020. This included damage to their bathroom and en-suite tiles and grouting; their flooring becoming unlevel; and water ingress to a bedroom ceiling. They say R&SA agreed to cover the damage previously and they'd like it to honour what it said.

I've been through all of the communication between the parties and, at the moment, I don't agree R&SA told Mr and Mrs O it will cover all of the additional damage they've said was caused by the subsidence in the property. So I'm not in a position to direct it to cover the cost of all of these works.

In claims of this nature, it's for Mr and Mrs O to evidence the damage they're claiming for is a result of the insured event – the subsidence. And based on the information I've been given, I haven't seen anything so far to suggest they have shown this. So, at the moment, I can't say R&SA should cover the cost of all of the repairs they've claimed for.

I can see R&SA agreed to arrange temporary repairs to Mr and Mrs O's tiling, making reference to it all being repaired properly later. So it seems to me R&SA has accepted this damage is related to the subsidence claim and I think these repairs should be carried out as agreed. But, at the moment, I'm not satisfied it should cover the cost of the repairs to their flooring or water ingress in the bedroom ceiling.

From the contact notes, I can see R&SA told Mr and Mrs O during a site visit in June 2022 they could remove the ceiling to find the source of the leak and R&SA would reinstate it as part of the works. But it didn't think the leak was caused by the subsidence. Considering I haven't seen any evidence this damage is related to the insured event, I currently think that's fair.

I understand Mr and Mrs O have already paid for the leak to be repaired. If the ceiling still needs reinstating, I think R&SA should arrange this as part of the overall schedule of works. Or it should cover the amount Mr and Mrs O paid to have the ceiling reinstated if they've already done so. Alternatively, if Mr and Mrs O have evidence (from investigating the leak), that it is subsidence related, they should submit it to R&SA so it can reconsider this part of their claim.

Mr and Mrs O have said there is damage to their flooring which they believe is related to the subsidence claim but there isn't any evidence it is. R&SA said it would investigate the damage Mr and Mrs O had highlighted to their flooring before deciding whether it was caused by the subsidence. And I currently think that's fair in this case.

Alternative accommodation

Throughout their claim, Mr and Mrs O have requested alternative accommodation while the works are ongoing. I can see in a report R&SA has provided from around June 2021, they've said alternative accommodation should be provided while the works are being done – and Mr and Mrs O's belongings should be put in storage.

Whilst I can see it was later questioned whether alternative accommodation was really necessary, around October 2021, R&SA emailed Mr and Mrs O to confirm alternative accommodation would be provided for around four weeks while the work takes place.

Considering what Mr and Mrs O have said about their living arrangements – and that they have young children in the property, at the moment, I think it's unlikely their property will be habitable while works are going on. So I think R&SA's offer to provide suitable alternative accommodation and storage of their belongings during that time is fair."

To put things right, I thought R&SA should, in summary, pay Mr and Mrs O £2,250 compensation; prioritise their claim and arrange a dedicated contact for them; ensure the tiling in the bathroom and en-suite are added to the schedule together with reinstatement of the ceiling; arrange alternative accommodation while the works are going on; and promptly provide an updated schedule, highlighting what's been added, removed or amended.

I asked both parties for their comments on my provisional decision by the deadline set. R&SA initially asked what dates I'd considered up to in my provisional decision. Once I'd explained I'd considered up to around the date Mr and Mrs O had originally complained to us about – February 2023 – it said it would pay the compensation I'd suggested. But it didn't confirm if it had accepted my overall decision.

Mr and Mrs O said they didn't think the compensation was enough to make up for the impact R&SA's service has had on their lives. But they appreciated being listened to and the additional things I'd suggested to put things right. They also thought the water ingress in the bedroom and the flooring should be covered. Mr and Mrs O said R&SA inspected their property in August 2022 and sent them a report of its findings around a year later in September 2023. They sent us this report and emails from around March 2020 to support their view. In summary they said:

- Their roofers weren't specialists so couldn't say if the damage was subsidence related.
- R&SA's agents have previously indicated the cracks in the ceiling and water ingress in the bedroom were likely caused by the subsidence. They provided an email they sent to R&SA confirming they'd been told by one of their agents the damage was related to subsidence as they couldn't find signs of other causes. They also provided a letter from R&SA saying it was possible the water ingress might be connected to the movement.

- The report from September 2023 supports their view as it showed there was a twisted joint (causing the floor to raise slightly) and this was directly under the water ingress.
- After they highlighted their floor was unlevel in March 2020, R&SA said it would investigate and repair it as part of the final 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.

I thank Mr and Mrs O for giving me the detail they have in response to my provisional decision. Whilst I've reconsidered the complaint very carefully in light of the information they've provided, I still uphold the complaint in part.

Mr and Mrs O have said they were told by an R&SA agent that the most likely cause of the cracks to their ceiling and water ingress was the subsidence. And they've provided emails from themselves to R&SA confirming this from around the time of the event. But unfortunately that's not enough for me to say it's more likely the damage was caused by movement of their property and therefore should be included under the claim.

Mr and Mrs O have provided the letter from R&SA from March 2020 which refers to the ceiling leak. And whilst I can see it says it's possible the water ingress is due to the subsidence, I can see it also says it isn't clear what the problem was. I've gone through all of the information from both parties and I haven't found any evidence I can rely on which suggests it's more likely the problem was caused by subsidence.

I appreciate the report from September 2023 mentions a joist has become twisted. And Mr and Mrs O say this was directly under the area where the ceiling was leaking. But I don't think that's enough to show the ceiling was affected by subsidence or the twisted joist. Alternatively, Mr and Mrs O might've given me this evidence to show the flooring was impacted by water coming through the ceiling. But that doesn't change anything here as there's no dispute there was a water ingress – what's in dispute is what caused it.

Overall, I still think R&SA should cover the cost of reinstating the ceiling as previously offered. But based on the information I have, I can't fairly say it should cover repairing all of the damage to the ceiling or the water ingress as part of the subsidence claim.

In response to Mr and Mrs O flagging issues with the flooring to R&SA, it accepted in an email from April 2020, new issues can arise while there's ongoing movement in a property. And it said it would investigate and repair the areas as part of the final repairs. Whilst I think R&SA could've been clearer here, I don't think it was offering to repair the floors even if the damage wasn't due to the subsidence. I think it's offered to look into it and take action if the damage is covered, and that's what I'd expect. In its report from September 2023, R&SA's said the flooring issue was unlikely to be related to subsidence and, without evidence to the contrary, I can't say this should be covered by the insurance claim.

Putting things right

To put things right in this case, I think R&SA should:

- Pay Mr and Mrs O a total of £2,250 compensation to make up for the trouble and upset it's caused them. That means it needs to pay them an additional £750 on top of the £1,500 it's already offered.

- Arrange for a dedicated contact for Mr and Mrs O who will keep them regularly updated and move their claim along.
- Prioritise Mr and Mrs O's claim and provide them with a reasonable estimated timeframe for the works to be completed.
- Ensure the effective and lasting repairs to the bathroom and en-suite tiling are added to the schedule of works as previously agreed.
- Ensure reinstatement of the ceiling is added to the schedule of works. Alternatively, if this has already been completed by Mr and Mrs O, R&SA should reimburse them the amount they've already paid to reinstate the ceiling upon an itemised receipt from them. R&SA should add 8% simple interest from the date Mr and Mrs O made this payment until the date of settlement*.
- Arrange suitable alternative accommodation for Mr and Mrs O and their family and storage of their belongings for the duration of when the repairs under the schedule are carried out.
- Promptly provide Mr and Mrs O with an up-to-date schedule of works, clearly highlighting what has been added, removed, or amended.

* HM Revenue & Customs requires R&SA to take off tax from this interest. R&SA must give Mr and Mrs O a certificate showing how much tax it's taken off if they ask for one.

My final decision

For the reasons I've given, I uphold Mr and Mrs O's complaint and direct Royal & Sun Alliance Insurance Limited to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O and Mrs O to accept or reject my decision before 23 November 2023.

Nadya Neve
Ombudsman