

## **The complaint**

Mrs R has complained about the way Royal & Sun Alliance Insurance Limited (“RSA”) handled a claim she made on her buildings insurance policy.

Reference to RSA includes its agents and representatives.

## **What happened**

The background to this complaint isn’t in dispute, so I’ll summarise the main points:

- Mrs R got in touch with RSA in November 2022 about an underground water leak problem. RSA accepted the claim and, over the course of several months, carried out a number of different repairs to put a stop to the leaks.
- Mrs R told RSA about crack damage to her property she thought had been caused by the leaks. It agreed to look into the damage by appointing a structural engineer. An engineer visited, but Mrs R hadn’t heard an outcome. She also told RSA her neighbour had written to her to say the leak had damaged their property and asked her to pay for associated costs. RSA didn’t agree to pay, so Mrs R did.
- Mrs R made a complaint about the way RSA had handled the claim. This included:
  - the time and the number of visits it took for the leaks to be repaired.
  - the way RSA and its agents had communicated with her.
  - no response to the crack damage and the engineer’s visit
  - declining to pay for the neighbour’s costs.
- RSA provided a complaint response in June 2023. It accepted there had been shortcomings in its service and offered Mrs R £250 compensation. It said it was waiting on the engineer’s report and it wouldn’t pay for the neighbour’s costs.
- Our investigator looked at what had happened up until the complaint response. She said RSA should increase compensation to £500 to reflect the impact on Mrs R, communicate an outcome of the crack damage claim, and pay the neighbour’s costs in relation to the damage caused by the leak.
- Mrs R agreed with all of this. RSA agreed to pay the additional compensation. But it didn’t provide a clear position on the other two points, so the complaint has been passed to me.

## **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.

- The scope of this complaint is the way the claim was handled up to the June 2023 complaint response. As our investigator has explained, if Mrs R is unhappy with any

matters since then, she's entitled to raise a new complaint and may be able to refer it to this Service if she wishes.

- There are several points to consider, so I'll take each in turn.

### *Crack damage*

- Whilst RSA was taking steps to repair the leaks, Mrs R noticed crack damage to her property. RSA appointed a structural engineer to consider the cause of the damage.
- By the time of the complaint response, RSA said it was still waiting on the engineer's report before it could reach a conclusion about the crack damage. However, as our investigator has pointed out, RSA received the report prior to the complaint response, so it should have been able to comment on this in the complaint response. Our investigator asked it to do so to remedy this point.
- In response, RSA initially said it had told Mrs R the claim was declined in May 2023. That's inconsistent with its complaint response and hasn't been supported by any evidence. RSA then said it declined the claim in July 2023 – but, despite our investigator giving RSA several opportunities, it didn't provide any evidence to support this. And Mrs R said she hadn't heard anything about it either. Our investigator pointed all this out to RSA, but it didn't respond.
- The way RSA has handled this point has been very poor. All it had to do was consider the engineer's report and let Mrs R know whether it would pay for the crack damage – and, if not, why. Despite telling us it's done that, there's no evidence to suggest it has. So this point remains outstanding.
- To put things right, RSA should now consider the crack damage. It should establish the cause of the damage and whether that was a result of the time taken to stop the leaks and/or something covered by the terms of the policy. It should then let Mrs R know if it will pay for the crack damage and, if not, why that is.

### *Neighbour's costs*

- By April 2023, the leaks still hadn't been resolved. Mrs R reported that a leak had flooded her driveway and spread to her neighbour's garden, causing damage.
- Mrs R received a letter from her neighbour. They said the water leak had damaged their property, including a hedge. They asked Mrs R to pay £690 for the hedge and said they would instruct solicitors if she didn't. Mrs R asked RSA to cover the costs.
- RSA said it wouldn't cover the costs and the neighbour should claim for any damage on their own insurance policy. Mrs R passed this on, but the neighbour said their policy excess made this prohibitive. Given the reference to legal action, Mrs R paid her neighbour for the hedge. I understand no other costs were suggested.
- Our investigator said it was likely the damage to the neighbour's property had happened as a result of the time it had taken RSA to repair the leaks. Because of this, she thought it was fair and reasonable for RSA to reimburse Mrs R what she'd paid the neighbour.
- RSA didn't respond on this point, despite several requests from our investigator. That means RSA hasn't challenged its responsibility for the leaks. And I've seen notes

where one of RSA's agents tells another the claim should be dealt with promptly because: *"the leak is now flooding the neighbour property"*. So it doesn't seem to be in doubt that RSA's delay caused a problem at the neighbour's.

- Mrs R's policy with RSA doesn't cover any damage to the neighbour's property. So ordinarily I'd likely agree with RSA this was a matter for the neighbour to take up with their own insurer.
- However, the neighbour went on to indicate it would take legal action against Mrs R if she didn't pay. I've seen the letter and I can understand why it would have given her cause for concern. Mrs R and/or RSA may or may not be legally liable for the damage at the neighbour's property, but that's not something I can make a finding on. But in the circumstances, I would have expected RSA to have stepped in to support Mrs R when she received the letter – or take a pragmatic approach and reimburse her the neighbour's cost, given the relatively low value.
- RSA did neither of these things. The only option remaining now is for RSA to reimburse Mrs R the £690 she R paid. Since it's raised no objections to doing so, I'm satisfied it would be fair and reasonable for it to make that payment now.

#### *Claim handling*

- Our investigator considered the history of the claim in detail and explained why she thought compensation for the distress and inconvenience avoidably caused by RSA should be increased from £250 to £500. Both parties agreed to that, so I don't think this point is in dispute any longer and there's no need for me to discuss it in detail.
- In summary, RSA caused a number of delays whilst investigating and repairing the leaks. Not only did this unnecessarily extend the duration of the claim, but it also meant Mrs R had to take more time off work than she should have done. And RSA didn't deal with the engineer's report in the complaint response, adding further delay. Mrs R also encountered challenges communicating with RSA and its agents.
- Bearing in mind the extent of the problems RSA caused and the impact on Mrs R, I'm satisfied a total of £500 compensation is reasonable. If any amounts have already been paid by RSA, they can be deducted and only the remainder need be paid.

#### **My final decision**

I uphold this complaint

I require Royal & Sun Alliance Insurance Limited to:

- Consider the crack damage, as set out above.
- Pay £690 for Mrs R's financial loss.
- Pay a total of £500 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 18 June 2024.

James Neville  
**Ombudsman**