

## **The complaint**

Miss W has complained about the way that Royal & Sun Alliance Insurance Limited (RSA) dealt with a claim on home insurance policy. She is also unhappy with the settlement it offered her.

## **What happened**

In early October 2022 Miss W made a claim to RSA after a substantial amount of the contents in her home were damaged by a water leak from her attic. Miss W was moved to another property by her landlord while it carried out repairs. Miss W told RSA that her landlord wanted the property to be cleared in order to repair the building. RSA told her it needed to be allowed to inspect the damaged contents. It also spoke to her landlord about this.

RSA appointed a loss adjuster to inspect the damage and a specialist drying company who both visited the property later that month.

The drying company's representative took photos of some items but said he needed to return to assess the rest. Miss W says clothes and shoes were placed in bins for later evaluation.

According to Miss W, months then passed without any communication or progress on her claim. It came to her attention that her neighbour had put the bins out, not being aware that the items in them needed to be kept and the bins had since been emptied by refuse collectors.

In December 2022, RSA said it was awaiting a report from the drying company. The drying company said it needed a second visit to re-document the goods inside the house due to the fact that its photos from the initial visit had been lost.

The drying company revisited the property in February 2023, and Miss W was asked to provide links for items that had been lost.

She said the drying company left a skip full of rubbish on her drive for about five months despite her numerous complaints.

In July 2023 RSA said it would compensate Miss W for some items based on available photographs but refused to cover any belongings it hadn't seen which had been disposed of. Miss W complained to RSA about the following points:

- The settlement RSA had offered her;
- The fact that some items had been excluded from the settlement because they weren't deemed to be beyond repair;
- The exclusion from the settlement of items it hadn't seen; and
- The time taken to inspect and validate her damaged contents.

RSA accepted that there had been delays in handling the claim. It said under the terms of the policy it wasn't liable to offer a settlement for items that had been disposed of before validation. It thought the settlement it had offered was fair and in line with the policy terms. It apologised for the handling of the case and paid £250 in compensation which Miss W returned as she didn't think it was enough.

Miss W brought a complaint to this service. Our Investigator recommended the complaint be upheld in part. He thought the settlement Miss W had been offered was fair but recommended RSA should pay Miss W £700 compensation for the way her claim had been handled. RSA didn't agree but was prepared to offer £500.

As the parties didn't agree, the matter has been referred 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.

Miss W and RSA have provided a lot of documentation relevant to this complaint. I'd like to reassure both parties I have carefully considered all the information provided to me when reaching a decision.

I've also looked at what the policy says about how claims will be settled. It says:

#### ***'How we settle claims for contents***

1. *If an item has been damaged and it can be economically repaired **we** will either arrange or authorise repair and **we** will pay the cost of repair. Otherwise, **we** will replace the item with a new one of similar quality through **our** preferred suppliers, or at **our** option, **we** will pay the replacement cost of a new item of similar quality.*

*If **we** agree, at **your** request, not to repair or replace an item, at **our** option **we** will make a cash or voucher settlement equal to the cost **we** would have paid for replacement or repair through **our** preferred suppliers."*

I understand Miss W was unhappy to be offered a settlement based on what it would cost to replace some items now as opposed to what Miss W had originally paid. When it comes to replacing items such as televisions, it's often the case that technology has moved on and an insurer may be able to buy an item of similar quality for less than the policyholder originally paid. But RSA is permitted to do so under the policy terms and I don't think that's unreasonable. I'm satisfied that the basis on which RSA settled the claim as set out in its final response was in line with the above policy terms.

I can see that there was some discussion during the course of the claim about whether some items had in fact been damaged as a result of the water leak- in particular, the laminate flooring and some items of furniture. This service is an alternative dispute resolution service. Our remit is to try to resolve matters informally between the parties. Neither the loss adjuster who visited the property initially nor the specialist flooring firm appointed by RSA thought the laminate flooring and other disputed items had been damaged by the water leak. As I haven't seen any evidence to prove Miss W's assertion that these items had been damaged by the water leak, it wouldn't be fair for me to require RSA to offer a settlement in respect of them.

With regard to Miss W's clothing and shoes, the policy also says clearly that the policyholder should not throw away any damaged items before RSA has had a chance to inspect them. Miss W was reminded of this before anything was removed from the property. I appreciate

that it was unfortunate, to say the least, that her neighbour thought the bins were full of rubbish but it does mean that RSA had no way of checking whether these items were in fact damaged beyond repair by the water leak.

In the loss adjuster's report the clothing and shoes are shown as being in wardrobes or on shoe racks and there was no mention of them being damaged. So in principle I don't think RSA treated Miss W unfairly by refusing to settle this part of the claim. However, I see that RSA later made a payment to Miss W for items which were in a pink linen bin as it could see mould on them. I think that was fair.

It was understandably very upsetting for Miss W that initially over two months passed without any progress on her claim because the initial photos taken by the drying company were lost. In addition to avoidable delays there was poor communication and Miss W had to chase RSA regarding some items which were mistakenly left out of the settlement. Overall, I think an award of £700 is reasonable to recognise the fact that RSA's poor handling has caused considerable distress, upset and worry to Miss W.

### **Putting things right**

To put things right I think RSA should pay Miss W £700 compensation for the trouble and upset it caused her.

### **My final decision**

For the reasons set out above, I uphold this complaint in part and require Royal & Sun Alliance Insurance Limited to pay Miss W £700 compensation for the trouble and upset it caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 25 March 2024.

Elizabeth Grant  
**Ombudsman**