

The complaint

Mr B has complained about Royal & Sun Alliance Insurance Limited (RSA) as he feels it handled his water leak claim badly, including causing delays which resulted in costs being incurred.

What happened

Mr B suffered a bereavement in 2022 and around that time he found a leak from a waste pipe in his en-suite bathroom which was affecting the kitchen below. The en-suite had recently been fitted, so as well as contacting RSA, Mr B notified the fitter. The leak was subsequently stopped, with Mr B confirming to RSA that he wanted to progress a claim with it in November 2022.

At that time Mr B was living elsewhere. RSA sent two assessors to the property, they didn't find any drying or stripping was necessary, and felt the house was habitable. A third company, a drying specialist, was appointed and it found extensive stripping, sanitising and drying was needed, and also that the home was uninhabitable given it was a waste water pipe that had leaked and Mr B had health issues. RSA accepted that it needed to pay for Mr B to live elsewhere – and it likely should always have been paying for this.

In February 2023 RSA told Mr B that the limit on the policy for alternative accommodation was £45,000. Mr B was aware he had spent that sum already. RSA said it would review matters, not least as it was conscious that stripping and drying hadn't started yet. That work began about two-weeks later.

In March 2023, in line with Mr B's request for himself to do all the work other than sanitising and drying, RSA cash settled the claim. It paid the full £45,000 for accommodation too. Mr B moved out of the rented property – advising RSA that he had spent £55,000 in total. RSA didn't think it was liable for the overspend on accommodation.

Mr B had shared concerns with RSA about how it had handled the claim. Across two final responses RSA accepted it had caused some delays and paid £250 compensation. It acknowledged and apologised for not getting the assessment of damage correct in the first two visits. But it also felt it had otherwise handled the claim reasonably and settled it fairly in line with the policy's terms and conditions. Mr B remained upset so complained to the Financial Ombudsman Service.

Our Investigator noted the delay and felt the compensation paid was fair and reasonable. She felt RSA had otherwise handled the claim reasonably and didn't think it was liable for the additional costs Mr B had incurred.

Mr B said he felt RSA had tried to con him initially, when following its first two visits it said it would pay just £3,000 to settle the claim (for which the repair settlement ultimately totalled £85,000). He said it dragged things out and he felt ignored. Mr B felt his claim should have been prioritised. He said it should have offered him clear advice setting out next steps and made it clearer earlier on what the limit for accommodation was. Mr B felt the overall timeframe for the claim of five or six months was unreasonable.

The complaint was referred to me for an Ombudsman's consideration. I felt RSA was responsible for the additional accommodation costs Mr B had incurred. I thought it should pay those, plus interest. But I wasn't minded to award any further compensation for upset. So I issued a provisional decision to explain my views to both parties. My findings were:

“Reasonable adjustments

I know Mr B thinks RSA failed to make reasonable adjustments when dealing with him. But the only call I've heard that talks about Mr B's needs is from March 2023. So it isn't clear that Mr B told RSA at an earlier stage that he needed it to adapt the way it dealt with him. In any event RSA should always have been treating Mr B fairly, which I think it was. It should also have dealt with his claim in a timely manner – and in that respect I think it failed him.

Claim handling and delays

I can understand why Mr B feels aggrieved that he was initially offered only £3,000 for a claim where extensive damage had been caused and which was ultimately settled, for repairs, at £85,000. It's disappointing for me to see that two agents of RSA's, often deemed to be 'experts' in assessing this type of claim, found that a major leak from a waste water pipe, where unsanitary water leaked between two floors, didn't at least think an assessment by drying/sanitation specialists was warranted. I'm not persuaded RSA was trying to con Mr B though. It relied on its experts, which is quite usual. Unfortunately, on this occasion they were wrong.

This major error by RSA meant it was a month after the claim was accepted by it before a drying specialist viewed the property. Following that, for some inexplicable reason, it was then another two months before stripping and drying work began. RSA told our Investigator it accepted it had delayed the claim by two months. I think that is about right. If a drying specialist had been appointed straightaway – which is often the case where leaks of this type are concerned – their recommendations could have been considered and implemented around two months before they actually were, starting in December 2022 rather than February 2023.

A settlement for the remaining reinstatement work would be unlikely to have been agreed before the stripping work began. And so I think this claim would always have taken a few months to conclude. But it shouldn't have taken six. And Mr B shouldn't have had to live away from home as long as he did. For the extra few months that he did because of RSA's delays, I'm satisfied that the £250 compensation RSA has paid was fair and reasonable. As such I don't intend to make it pay anything more.

Alternative accommodation

RSA knew, I think, by the end of 2022 that Mr B had arranged his own accommodation and was incurring costs. It didn't mention the policy limit to him though until February 2023. At that time the property had not been stripped and drying had not started. I note RSA's contemporaneous file notes indicate it was prepared to consider any cost Mr B incurred on account of its delay. It was March 2023 when it confirmed to Mr B that the policy limit of £45,000 was the most it would pay. The last month of rent Mr B paid for was March 2023.

I think that if RSA had been clearer with Mr B sooner then he could have looked to limit his rental cost. I say that especially as I'm mindful that his overspend of £10,000 came in

February and March 2023. I'm further mindful that this is the equivalent of around five weeks rent and I've found above that RSA delayed the claim by two months. So in addition to RSA not being clear with Mr B earlier on, I also don't think it's fair for him to be out of pocket for the equivalent of five weeks' worth of rent when RSA caused delays of two months. I think RSA should pay Mr B a further £10,000 in settlement of his accommodation costs.

I also think RSA should pay interest on this sum. RSA made two payments in March 2023 which totalled the policy limit. The second of these was made on 14 March 2023. I think a reasonable assessment of this issue by it, at that time, should have allowed it to settle Mr B's additional costs too. So I think it's reasonable to say interest on the sum of £10,000 should be applied from 14 March 2023 until payment is made."

RSA said it had no further comment to make. Mr B set out some of RSA's errors and delays from his perspective. He said that in February he'd been told the wrong companies had been appointed at the outset, providing a recording of this conversation. He said it shouldn't have taken five months for the correct agents to be assigned, it should have been done earlier and he then would not have been out of pocket.

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 note RSA has made no comment on my findings. I've considered the detail and comments provided by Mr B. Mr B's comments echo my own from my provisional findings – RSA caused errors and delay, it should have acted earlier to appoint appropriate specialists, because it did not Mr B suffered upset and incurred costs. I remain satisfied that RSA has to make up for that. I also remain satisfied by the findings I made provisionally about what is needed to do that.

As such my provisional decision has not changed. I confirm that my provisional findings are now those of this my final decision.

Putting things right

I require RSA to pay Mr B £10,000, plus interest*, applied from 14 March 2023 until payment is made, in full and final settlement of Mr B's alternative accommodation costs.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require RSA to take off tax from this interest. If asked, it must give Mr B a certificate showing how much tax it's taken off.

My final decision

I uphold this complaint. I require Royal & Sun Alliance Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 July 2024.

Fiona Robinson
Ombudsman