

The complaint

Mr P and Mrs P are unhappy that Royal & Sun Alliance Insurance plc (RSA) declined their contents claim following a burglary at their home.

What happened

Mr P and Mrs P had buildings and contents insurance with RSA. The policy was in joint names but, for ease, I'll refer only to Mr P throughout my decision.

While on holiday, Mr P's home was burgled. He claimed under his policy for the damage and contents which had been stolen, amounting to around £25,000. RSA appointed a loss adjuster (LA) who visited Mr P's home to investigate the claim, followed by a visit to his place of work to determine the value of loss.

RSA declined Mr P's claim because the LA reported that the property was undergoing building work. The policy required Mr P to notify RSA if the property was undergoing any structural work or extension.

Mr P complained to RSA because he thought it was looking for any excuse to decline his claim. He said the policy terms weren't clear, so he didn't think he needed to notify RSA of what he considered decorative work. Mr P also complained about the way RSA handled his claim.

Our investigator didn't uphold the complaint. She thought it was fair for RSA to decline the claim because Mr P hadn't reported ongoing building work, and his home was left unoccupied.

Mr P didn't agree. He thought the policy wording was ambiguous, so it wasn't at all clear that he needed to report the decorative work to RSA; he thought RSA unfairly invalidated the insurance due to unoccupancy, and he disagreed with its view that he was underinsured.

The complaint was passed to me to decide.

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.

While I realise Mr P will be disappointed, I've decided not to uphold his complaint for broadly the same reasons as our investigator. I'll explain.

The circumstances of the burglary and the list of stolen items are well known to both parties and aren't in dispute, so I won't repeat the details here. The issue of complaint is whether it was fair for RSA to decline the claim under the policy for the reason it gave.

Building work

Mr P was having an extension built and the rest of the house redecorated. RSA declined the claim because Mr P hadn't told it about the work. The policy states:

"you must tell us within 30 days as soon as you know about any of the following:

- If your home is not in good condition, if it requires work other than routine maintenance or redecorating or any structural alteration or extension to your home."*

Mr P didn't think RSA's decision was fair because the policy term is ambiguous. I've read the term a few times while thinking about what Mr P said and I agree that additional punctuation could've made it clearer. For example, *"If your home is not in good condition; if it requires work (other than routine maintenance or redecorating); or any structural alteration, or extension to your home."* But, while I agree it could've been clearer, I don't think it's fair to say the meaning was lost. Very simply, I think it's fair to assume that RSA would want to know if the house was being extended because of the additional risk of loss or damage to the building and contents.

Mr P said that because the term wasn't clear, he wouldn't have known to report the work to RSA. I've noted his view that the policy should be read in his favour where the terms are unclear. But, given that the policy says, *"If you do not tell us about changes...we may be entitled to reject payment of a claim"*, I think if Mr P had seen this term before the break-in, while the work was ongoing, and thought it was ambiguous, it would've been reasonable for him to check with RSA that he was covered.

Overall, I sympathise with Mr P for the loss he suffered, but I don't think RSA unfairly declined his claim under this exclusion clause. That's because I think the overriding meaning, on balance, was sufficiently clear to warrant contact when building work was planned.

Unoccupancy

RSA also declined the claim because the property was left unoccupied. Mr P moved out for a little over two weeks during the most disruptive work, then he moved back in briefly before going on a ten-day holiday. The burglary took place one evening while he was on holiday. The policy states:

"you must tell us within 30 days as soon as you know about any of the following:

- ...if it is left unoccupied for a total of more than 60 days in a year"*

I can understand why Mr P felt RSA unfairly used this term to decline his claim. However, if he had notified it of the structural building work, RSA would've confirmed the following:

"when there is building work taking place at an insured address, it is considered to be unoccupied the moment it is not being slept in... [the insurer] would have advised you...the following exclusions apply;

- Water escaping from washing machines, dishwashers, fixed water and heating systems*
- Theft or attempted theft"*

I realise Mr P wasn't aware of this additional endorsement, but as I've decided it was fair for RSA to expect him to notify it of the building work, I think it's fair to say he would've been made aware of the endorsement. And for that reason, I can't reasonably say it was unfair for RSA to decline the claim because the burglary took place while the property was unoccupied.

Claim handling

I've considered Mr P's dissatisfaction with the way RSA handled his claim and its earlier suggestion that he might have been underinsured. However, I haven't seen anything to suggest that RSA handled the claim unfairly. I understand the home visit took place without Mr P being present and the construction manager, who first reported the burglary, showed the LA the point of entry and explained the circumstances. It was at this point the LA became aware of the structural building work. I can appreciate that Mr P might've been unhappy that this visit was done without his knowledge, but I have no reason to think there was any secrecy intended. The LA also interviewed neighbours, which is standard practice for this type of claim.

The suggestion that Mr P may have been underinsured related to the value of certain individual items. While I can understand that Mr P was unhappy with RSA's doubt about the value of his contents, I haven't seen anything to suggest that it contributed to the decision to decline the claim.

In summary, I'm satisfied that the overriding meaning of the policy term was sufficiently clear to warrant reporting a change of circumstances, and I haven't seen anything in the evidence which persuades me that RSA unfairly declined Mr P's claim.

My final decision

For the reasons given above, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 1 April 2021.

Debra Vaughan
Ombudsman