

The complaint

Mr K complains about how Royal & Sun Alliance Insurance Plc trading as More Than (RSA) dealt with a claim under his home insurance policy.

What happened

I set out the background to this complaint and my initial findings in my provisional decision a copy of which is below. In my provisional decision I explained why I was minded to uphold Mr K's complaint. I invited both parties to let me have anything in response they thought was relevant.

The circumstances of this complaint are well known to both parties and so I have summarised them here rather than going into full detail.

Mr K had his home and its contents insured with a policy provided by RSA. In November 2017 Mr K had an escape of water in his home and made a claim under this insurance policy. RSA accepted this claim as valid and dealt with it.

In order for the claim to be dealt with it was necessary for Mr K to move into alternative accommodation, which he remained in until September 2019. During this time the contents of his home were stored with a third-party business paid for by RSA. During the course of the claim RSA made the decision to move the contents to a different storage facility due to the costs being incurred.

Throughout the claim there were issues Mr K was unhappy with and he made RSA aware of these. RSA dealt with the issues as they arose but felt that it would be more appropriate to look at compensating Mr K for any of its failings at the end of the claim. So, it said it would look at a compensation once the claim was complete.

Once Mr K was back in his own home the issues that were left to be resolved and formed part of his complaint to RSA were:

- The extent of the delays to the work being completed – resulting in him being in alternative accommodation for almost two years
- Mr K not feeling safe in his own home, as he says he was threatened by one of the contractors. Mr K also says he was later told by other workmen on site the contractor had recently been released from prison. And it was common for the third-party company (Company B) that employed the contractor to take on ex-convicts.
- Mr K had to cancel a trip abroad that he had arranged as he says he couldn't go due to issues with arranging the repairs to his property.
- When Mr K's contents were returned to him, there were items missing and damaged. RSA offered a cash settlement figure of £15,000 for the damaged and missing items but Mr K didn't feel this was a fair reflection of his loss. He

was also upset that RSA changed where his contents were stored part way through the claim and felt this was the reason for the damage and or loss of his items.

- Mr K's home was ready for him to return to on 18 September 2019, which is when his contents were due to be returned to him. He didn't want to move back before his contents were unpacked and so it was agreed that the alternative accommodation costs would be covered up until 20 September 2019. Mr K rejected some of his contents due to them being damaged. And so, he decided to stay in the alternative accommodation for a further three days. RSA declined to cover the cost of this, but Mr K felt it should.

RSA considered Mr K's complaint and also took into consideration previous issues that had arisen during the lifetime of the claim and upheld Mr K's complaint in part. I've summarised in my own words what RSA said in its response below:

- Its suppliers had let Mr K down on both the buildings and contents aspect of his claim.
- It recognised there had been an incident where there had been a verbal exchange between Mr K and a contractor, and following Mr K's complaint, that contractor had been removed from the job. As there was no one from RSA present at the time it couldn't say that the contractor had been threatening or abusive as he had given a different account to the one Mr K had. But it apologised that Mr K's perception was that he felt threatened. It confirmed its supplier, Company B, had assured it that it carries out background checks before taking on contractors and only does so if those checks are clear.
- It acknowledged that Mr K was feeling a high level of distress throughout the claim but it didn't think that made it responsible for his decision not to travel while the claim was ongoing and so it wouldn't cover the cost of any cancelled trips.
- It was a commercial decision to move Mr K's contents from the original storage provider to Company B's own storage facility. It did this in order to mitigate the rising costs of the claim. It acknowledged that it should have informed Mr K of its decision although pointed out it didn't need his permission.

It went on to say while there was no evidence that the outside storage provider nor company B had acted improperly when handling or transporting Mr K's contents it did accept the majority of the damage caused to the contents had likely been caused during transportation.

It said the list of Mr K's damaged items alone came to approximately £55,000. His contents insurance policy covered him for a total amount of £60,000. This gave RSA cause to have reservations about the size of the loss, which guided its decision to appoint a loss adjuster to validate the damage and the value of the items.

The loss adjuster said a more accurate reflection of the value of the loss would be around £29,000. RSA made an offer of £15,000 in full and final settlement of the damage contents. It went on to say the offer took into account that the value of some of the items was overstated and the figures presented by Mr K represented replacement costs rather than repair costs. The offer of £15,000 would allow Mr K to retain his items and potentially seek to have them repaired rather than replacing them.

RSA told Mr K for it to consider increasing the offer it would require further evidence, such as from a professional restorer, to confirm whether items can be restored and the cost of this. But it did point out that this did not guarantee that any subsequent offer would be more than £15,000.

- Mr K had reached the limits set out in the policy for alternative accommodation. RSA had agreed to meet a further five days accommodation costs to allow Mr K time to unpack his contents, up to 20 September 2019. Any accommodation costs beyond this were the responsibility of Mr K.
- It looked at the claim as a whole and accepted that Mr K had been let down by its suppliers and that it could have handled matters better with regard to moving his contents. It recognised that the claim had had a significant impact on Mr K and offered £2000 in compensation for the upset it had caused.

Mr K remained unhappy with RSA's stance and brought his complaint to this service to be considered.

One of our investigators looked into Mr K's complaint and upheld it in part. I've summarised his findings below:

- There were number of avoidable delays throughout the claim
- He accepted Mr K had felt unsafe in his home due to the incident with Company B's contractor, but felt RSA have taken reasonable steps to investigate the concerns and had followed matters up with Company B.
- It was ultimately Mr K's decision to cancel his trip abroad and so he couldn't fairly ask RSA to reimburse Mr K for the cost of the trip.
- He felt RSA had acted fairly in agreeing to cover the costs of the additional five nights alternative accommodation from 15 of September 2019 until 20 September 2019 even though Mr K had reached the maximum payment for alternative accommodation under his policy. And so, he didn't think RSA needed to cover the cost of the further three nights alternative accommodation that Mr K arranged beyond 20 September 2019.
- He was satisfied that RSA was responsible for the decision to move Mr K's contents from the original storage provider to company B's own storage facility, and as such it was responsible for any issues with those contents. He went on to say that having looked at the evidence provided by both parties he felt the offer of £15,000 was a fair amount to compensate Mr K for the value of the items lost and damaged.
- He considered the trouble and upset caused to Mr K throughout the lifetime of the claim and felt that RSA should increase its compensation award from £2,000 to £4,000.

RSA agreed with the investigator's findings. But, Mr K did not and so the matter has now been passed to me to decide.

What I've provisionally 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 want to assure Mr K that whilst I've read and considered everything RSA and Mr K have said, I may not address each and every point made. Instead, I'll focus on what I consider the crux of the complaint to be – the outstanding contents claim, the outstanding alternative accommodation costs, the cost of the cancelled trip, the incident with the contractor and the compensation award. I hope both parties realise I mean no disrespect by this – it simply reflects the informal nature of this service.

Having done so I have to tell Mr K that I have provisionally reached the same outcome as the investigator but for different reasons, I'll explain.

Outstanding alternative accommodation costs

Mr K's policy entitles him to alternative accommodation if his home is made uninhabitable by an insured event. The policy has two sections where this is covered – and each section has a limit.

The buildings section of the policy allows accommodation costs up to 20% of the value of the sum insured on the building. In Mr K's case his home was insured for £400,000 – so the limit under this section is £80,000.

The contents section of his policy has a similar limit in that it allows accommodation costs up to 20% of the sum insured on the contents. Mr K's contents were insured for £60,000 – so the limit under this section is £12,000.

Combined this means Mr K had a limit of £92,000 for alternative accommodation while his home was uninhabitable.

Mr K was in alternative accommodation, in the form of a hotel, for a substantial period of time – in part down to delays caused by RSA's suppliers. Nevertheless, the cost of this was covered by RSA up to the £92,000 limit which was reached on 15 September 2019.

Mr K's property was fully repaired at this point, but his contents were due to be delivered and unpacked on 18 and 19 September 2019. As such RSA agreed to meet the cost of £743.75 for an extra five days accommodation in the hotel, meaning Mr K would check out of the hotel on 20 September 2019.

Due to some of his contents being missing or damaged, Mr K decided to extend his stay at the hotel for a further three nights. I fully understand that Mr K was upset and distressed to find the issues with his contents. But I have seen no evidence to show that these issues made his home inhabitable – I say this because Mr K is currently living in his home and those issues are still largely unresolved and form part of this complaint.

As the alternative accommodation cover is in place for when the home is inhabitable, and the limit to this had already been exceeded, I can't reasonably say RSA should cover the additional three days Mr K chose to stay in the hotel before returning to his home.

Cost of the cancelled trip

Mr K has told us that he and his partner cancelled trips and lost the cost of the flights they had booked, due to the claim. He made the choice not to travel as he has said he didn't know what was happening from one week to the next as there were

numerous meetings to arrange work schedules that didn't always lead to work being completed.

I accept how very stressful the whole situation was for Mr K, and fully understand why he might have felt it was better for him to be around, while the work schedule was being agreed. Mr K's trip was due to take place in March 2018, so relatively early on in the claim, considering the amount of work that had to be carried out. So, while I sympathise with his situation, the nature of the claim meant works would have always gone beyond Mr K's intended date of travel. And so, I can't reasonably say that it was RSA's actions that caused Mr K not to travel, but rather a choice he made – albeit an understandable one, and therefore I can't reasonably ask it to pay for the cost of the cancelled flights.

Incident with the contractor

There is no dispute from either party that an incident took place between a contractor and Mr K on Mr K's property. Both Mr K and the contractor gave different versions of event as to what had happened -both alleging the other was aggressive.

The contractor worked for Company B, and Mr K has said other contractors on site told him the gentleman concerned had recently been released from prison, and that it was common for Company B to employ the services of convicted offenders, and people recently released from prison. Mr K has told us he thinks this is unacceptable and that he felt unsafe in his own home.

It's not for me to decide here which version of events happened or is even more likely to have happened. Having a criminal record does not automatically exclude people from being employed and it's not for me or RSA to tell a business who it can and cannot employ. My role here is to determine if RSA acted appropriately when Mr K reported to it that there had been an incident, and he had felt threatened. And I have to tell Mr K that I think it did, I say this because, RSA's responsibility here was to make sure that the contractors on site at Mr K's property did not pose a safety concern to Mr K

The contractor in question was removed from the site following the incident being reported and replaced with a different contractor, who Mr K was happy with. RSA contacted Company B to investigate the matter. Company B assured it that it carries out background checks on its employees and that it only employs people once those checks are satisfied.

So I think RSA did what was needed here, it remove Mr K's perceived threat instantly and investigated the matter with Company B to make sure the contractor had been appropriate to be on the premises in the first place. It follows I don't uphold this point of Mr K's complaint.

Outstanding contents claim

Before I go into the specifics of Mr K's claim for his damaged and missing contents, I think it would be prudent for me to explain what under-insurance and overstated claims are, as these are things that RSA have raised to Mr K previously.

Under insurance

When a policy is taken out the sum insured needs to reflect the full amount it would cost to replace the items insured. If the amount insured is less than this, it is known

as under-insurance. When we see cases where a person has under-insured their possessions we look to see if they have misrepresented the facts to the insurer when taking the insurance. If it's found that there was a misrepresentation, then the insurer is entitled to certain remedies, depending on the severity of the misrepresentation. One of those remedies, if its determined that the mis-representation is deliberate, as RSA has said it thought it may be in this case, is to decline the claim and cancel the policy. In its email to Mr K in December 2019 RSA said:

"In relation to the values presented to Mr T, the value of your contents as detailed to Michael is suggestive of the fact that your sum insured should have been significantly in excess of £60,000.00 which is its current value. In correspondence to S... earlier this year you declared that the total value at risk was £54,963.45 and furthermore in a declaration to D... B... signed by you on the 15 January 2018 you confirmed that the value of your effects was no more than £60,000.00. This discrepancy in the figures presented is of concern and could be seen as a deliberate misrepresentation of the facts."

Overstated claims

An exaggerated or overstated claim is one where items that aren't lost or damaged are claimed for or the value of those items that are lost or damaged is exaggerated. When a claim is found to be exaggerated in any way the insurer has the right to decline the claim in full. In the same email as mentioned above RSA said the following to Mr K:

"Following a review of the information provided to Mr T we have identified a significant element of overstatement in relation to two "xxx" beds. Within your claim you confirmed that these were originally purchased from E... B.. and that these were hand made. The claim presented totalled £9,695.00 before discount and £6,785.00 after discount. On the photos taken by Mr T we believe that we identified that the beds were in actual fact produced by T... B.. F.. in I.... Photographs of the beds were forwarded to T... B... F... for their review and they confirmed that the beds were indeed theirs and that the replacement cost would be around £1,530.00 for the two. As you will appreciate this does represent a significant overstatement on your claim which gives me cause for concern. If there has been a misunderstanding in this regard and you are able to provide us with supporting documents to substantiate your claim then could I please ask that you forward these on to us for our consideration."

Mr K had his contents insured up to a limit of £60,000.

Mr K's policy contains the following terms under "How we settle claims":

1a. Where the damage can be economically repaired we will pay the cost of repair.

b. Where the damage cannot be economically repaired and the damaged or lost item can be replaced, we will replace it. If a replacement is not available we will replace it with an item of similar quality.

c. Where we are unable economically to repair or to replace an item with an item of similar quality, we will make a cash payment equal to an agreed replacement value.

d. Where we can offer repair or replacement through a preferred supplier, but instead you request and we agree to pay a cash settlement, then the amount will not normally exceed what we would have paid our preferred supplier.

e. At our option we will make a cash settlement equal to the cost of repair or replacement.

The costs already paid on the claim so far under the contents section of Mr K's policy is approximately £32,000. This includes things like the blinds and curtains that have been replaced and £12,000 towards the alternative accommodation, that was met under this section of the policy. Mr K has told us that he sat with a loss adjuster and together they valued the damaged and lost items that are outstanding at approximately £43,000. RSA has not chosen to pursue its misrepresentation argument for underinsurance – and that is its choice – so I have not considered if a mis-representation occurred. However, given the £43,000 and the £32,000 already paid is more than the sum insured, and this only represents the damaged or lost items and not all of Mr K's contents, I'm in agreement with RSA that its more likely than not that Mr K was underinsured.

There is no dispute that Mr K's some of Mr K's contents were damaged or went missing while in storage, under the care of RSA, and so there is a valid claim to be met. However, having looked at the evidence provided, particularly about the value of the beds, mentioned in the excerpt from RSA's email above, I can see why RSA might believe Mr K's claim to have an element of overstatement or exaggeration. Because of this RSA could've chosen to invoke its right under the policy terms to decline the claim, but it has chosen not to do so but to instead offer Mr K cash settlement of £15,000.

RSA is entitled under the policy to choose to settle a claim by way of a cash settlement. It has explained the cash settlement is for Mr K to source repairs or replacements for his damaged or missing items, without having to relinquish any of them to RSA. Given the circumstances of the claim laid out above, and what Mr K has told us about the sentimental value of much of his contents I believe this is the fairest solution and I'm satisfied that RSA has made a fair offer here. So, I won't be asking it to increase this.

Compensation award

Unfortunately, significant escape of water claims affecting large areas such as at Mr K's home are complex to resolve involving several parties and generally take several months to conclude. It follows that this is an inherently disrupting and stressful experience for policyholders. Our role is to determine whether avoidable delay and stress by the insurer and its agents has added to the policyholders' experience.

I can see that pursuing the claim has been a very stressful experience for Mr K. And it's clear that communications have been strained. I think all parties bear responsibility for this but given the delays and further damage caused by its suppliers I think it was beholden on RSA to ensure every effort was made to expedite matters. And to communicate effectively with Mr K and its agents. I don't think it did so as Mr K had to pursue the claim, deal with further damage caused by RSA's suppliers, and on occasions he received unclear and misleading information. It appears the claim suffered from RSA's lack of overall management and of some of the parties involved. Taking all aspects of the claim into consideration, I think that compensation of £4,000

would be a fair and reasonable reflection of the avoidable distress and inconvenience RSA's poor service caused Mr K. This is consistent with awards we have made in similar circumstances.

My provisional decision

My provisional decision is that I intend to uphold Mr K's complaint against Royal & Sun Alliance Insurance Plc trading as More Than.

To put things right here Royal & Sun Alliance Insurance Plc trading as More Than should:

- Pay Mr K £15,000 to settle the claim under his contents policy
- Pay Mr K £4,000 for the trouble and upset that has been caused throughout the claim.

RSA accepted my findings and said it had nothing further to add.

Mr K initially asked for an extension to reply as he has been unwell, but has now also responded, he didn't accept my findings, he felt that I hadn't addressed everything that had gone on throughout the claim and that the award I recommended for the settlement of his contents claim and the compensation level for his distress and inconvenience were both unfair.

In his response Mr K described what had happened throughout the claim in his own words and told me his views on what had gone wrong and where the blame lay for those things. I've read the response in full and summarised below what I feel are the most salient points:

- As the delays on the work were not of his making, he shouldn't be punished by having to pay for the extra days in alternative accommodation, as he would not have reached the limit on this but for those delays.
- I had not mentioned in my findings the health and safety regulations that he says were broken while the works were being carried out at his house. The thought of this makes him anxious and nervous thinking about what could have happened.
- He cancelled his trip abroad because the loss adjusters were still trying to sort out who was going to do the rebuild. This had affected his mental health and he had had enough.
- He has not exaggerated any claim, he feels he has not been duly compensated for the damage and loss to his contents. Some of which are sentimental and irreplaceable.
- His mental health was affected by this claim so badly that he has at times felt suicidal and has had to seek out counselling.
- He believes the stress caused by the issues arising from this claim have had a detrimental effect on his physical health too.

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.

As I explained previously in my provisional decision although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. And having given careful consideration to the responses from both parties, I've reached the same conclusions as set out in my provisional decision and for largely the same reasons, I'll explain.

Before I do, I'd like to say to Mr K, I'm truly sorry to hear about his recent health issues, and hope he is feeling better and recovering well.

I understand that Mr K doesn't feel he is being fairly compensated for the loss and damage to his contents and that it can be difficult to put a specific value on every item, as some as Mr K rightly says are irreplaceable. Based on the values Mr K and the loss adjuster agreed on, the value of the outstanding damage and lost items is approximately £43,000. This value is based largely on replacing the items rather than repairing them. £43,000 represents a significant portion of the £60,000 limit his policy covers him for. As RSA has already paid approximately £32,000 under this section of the policy, it follows £60,000 does not represent a true value of Mr K's contents, meaning Mr K was potentially underinsured.

RSA said the discrepancy in the figures presented a concern and could have been seen as a deliberate misrepresentation of the facts. As previously explained, this could have led to RSA declining Mr K's claim in full. But it has accepted that given the problems throughout this claim that wasn't the right thing to do and has put forward an offer of £15,000 by way of cash settlement and retain all of his items. I believe that to be a fair offer in my provisional findings and still do, nothing Mr K has provided since my provisional findings has persuaded me otherwise.

Mr K has said that RSA and its contractor's broke health and safety rules while working on his property and is concerned that this was not mentioned in my provisional findings. As I said in my provisional findings under the heading "what I've provisionally decided-and why"

"I may not address each and every point made. Instead I'll focus on what I consider the crux of the complaint to be".

Even so, I will explain a little further here. It is not for me to make a finding on if health and safety regulations were breached, this is the role of the Health and Safety Executive. I understand Mr K feels strongly about this and has said that he worries about what could have happened, but I can't consider what might have been, I can only take into account events that actually happened. But I would like to assure Mr K that this and other issues that he brought to us that I did not comment on in either my provisional finding or this decision have been considered in full and taken into account.

Turning now to the compensation award, this claim has been complex to resolve and has involved multiple parties. Unfortunately claims of this nature can be stressful for anyone however I recognise this has been particularly stressful for Mr K and how strongly he feels about the effect he said it had on his mental and physical health. I also understand how angry he feels about certain aspects of it. And I'd like to assure him, I have taken account of all of these things when looking at what I consider to be a fair compensatory amount for the distress and inconvenience that has been caused to Mr K. Having done so I still believe that £4000 is a fair reflection in this case. So, I won't be asking RSA to increase this.

I know Mr K will be disappointed with this outcome. But my decision ends what we – in trying to resolve his dispute with RSA– can do for him.

Putting things right

- Pay Mr K £15,000 to settle the claim under his contents policy
- Pay Mr K £4,000 for the trouble and upset that has been caused throughout the claim.

My final decision

for the reasons set out above, my final decision is that I uphold Mr K's complaint against Royal & Sun Alliance Insurance plc trading as More Than.

To put things right here Royal & Sun Alliance Insurance Plc trading as More Than should:

- Pay Mr K £15,000 to settle the claim under his contents policy
- Pay Mr K £4,000 for the trouble and upset that has been caused throughout the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 October 2021.

Amber Mortimer
Ombudsman