

The complaint

Mrs P has complained about the administration of a new policy she bought with the insurer Royal & Sun Alliance Insurance Limited (RSA) which she owns jointly with Mr P.

What happened

In October 2021 Mrs P called RSA to raise a complaint about the way a claim they made was being dealt with under the Legal Expenses (LE) section of their home insurance policy.

During this call Mrs P asked questions about the effect the claim might have on their insurance premium and said she thought they might be paying 'over the odds' as they held the policy since they took out their mortgage approximately 14 years before.

The agent offered to look at the price for a new policy to replace their existing policy. She explained that as Mr and Mrs P had a mortgage with the provider, this entitled them to a discounted rate under a new policy. The agent also offered for Mrs P to have a look online if she wanted to consider buying a newer policy.

Mrs P said she'd looked online before but there weren't many policies offering unlimited cover similar to their existing cover. Mrs P agreed for the agent to proceed and so she asked Mrs P a series of questions as part of the application process. The agent set up a replacement policy at a reduced premium while cancelling the existing policy. The agent went on to assist in registering Mrs P's complaint about the LE claim.

After Mrs P bought the policy, she raised a number of complaints. She said RSA didn't make it clear about the differing levels of cover between their old and new policy. She believed RSA should have offered them a discounted policy sooner and was unhappy about the premium they had paid at renewal in May 2021. Mrs P was unhappy that the No Claims Discount (NCD) was reduced under the new policy to five years when they hadn't made a claim.

In December 2021 RSA didn't uphold their complaint.

In January 2022 Mrs P asked us to look at their complaint. Our Investigator thought RSA had acted reasonably. He provided Mr and Mrs P with a copy of the call recording when Mrs P applied for the policy. This is in two parts: unfortunately a section of the second part of the call hasn't recorded.

Mrs P didn't agree. In summary she says RSA hasn't provided clarification as to the differences between the core levels of cover under their previous and new policy. She says her primary concern is that they have bought a policy for a cheaper premium but with reduced cover even though their house is bigger as they've built an extension. She is worried they may be underinsured - so that in the event of a claim the policy won't provide cover and may be avoided.

Mrs P says she has been caused considerable stress and upset by RSA's failure to assure her and properly answer her concerns. She has provided information about health issues which she says RSA's actions have made worse.

Mrs P has contacted RSA to complain about other issues - including the complaint that she didn't receive a copy of the call recording despite several requests. This was promised in RSA's response to her complaint in December 2021.

The Investigator explained that we cannot consider other complaints Mrs P has raised in this case as they aren't issues RSA replied to in December 2021. If Mrs P remains unhappy with RSA's response, she can bring any new complaints to this service.

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've listened to the call recording from October 2021. I understand Mrs P says she didn't call to buy a new policy. I agree. The agent addressed comments Mrs P made about the premium she and Mr P were paying for cover - and that the policy had been in place for a number of years. At around 12 minutes into the call, the agent asked if Mr and Mrs P were members of the building society in question or if they held a mortgage with them. Mrs P said they held a mortgage. So the agent explained that they may be entitled to a discounted premium. She offered for Mrs P to look online - or the agent could have a look while on the phone and advised how long it would take. Mrs P agreed for the agent to look while on the phone.

During the call the agent asked Mrs P a series of questions about the type of cover they wanted under the new policy. I can hear that Mrs P at times explains she would want like for like to their existing policy. I can however also hear that the agent sets out the amounts of cover available in each section (until the call no longer records). This includes unlimited cover for buildings insurance and for contents cover.

Later in the call, Mrs P found it difficult to hear the agent - and so the agent offered for Mrs P to look online or to call her back. Mrs P said she would prefer to go through the process of buying a policy on the phone. The agent called Mrs P back and the sale of the policy was completed over the phone.

So although I agree the purpose of the call wasn't to buy a replacement policy, I don't think RSA did anything wrong in providing Mrs P with the option to buy a replacement policy at a reduced premium, in light of her comments about the premium she was paying.

Part of the call recording is missing - during the questions the agent asked in relation to garden cover and beyond. So I cannot tell what was discussed - if anything - in relation to the NCD. The call has recorded successfully before it ended - where the agent discusses premium collection under the old and new policy - and then transferred Mrs P to another department to deal with her complaint. I therefore have to make a decision based on the remaining information available to me. I've considered this alongside Mrs P's complaint that RSA didn't answer her concerns about the differences in cover under the previous and replaced policy. And so she believes it failed to clarify if she might be underinsured and at risk of having any claim not met.

However, at around 15 minutes into the call, the agent said;

"We will give you information to help you make an informed choice but won't provide advice on whether our products are suitable for you."

So I think it was made clear to Mr and Mrs P that it was for them to check if the new policy was suitable for their needs. And this statement was reiterated in the policy schedule which was sent to Mr and Mrs P by letter on 1 November 2021 along with a Statement of Fact and details of where to access the full policy wording.

The policy summary set out the amount of cover Mr and Mrs P held under each section of the policy. It also confirmed that Mr and Mrs P's NCD was set at five years.

On 9 November 2021, Mrs P wrote to RSA:

"at no point during our conversation with your operative, were we advised, "the new policies can tend to have lower levels of cover included to your previous policy."

We were merely advised there had been a change of Underwriter during our lengthy period of cover with you.

Notwithstanding the above, we do however have all the same "add-ons" as before and with the exception of a couple of minor sub-sections, we are being offered identical cover limits. However, have you knowingly placed us in a detrimental position by again failing to be completely transparent?"

Mrs P asked for an indemnity note while her complaint was being investigated for RSA to provide identical cover under the new policy as the old one.

RSA said it wouldn't do this. But if it found it had incorrectly sold a new policy, it would put things right. It said it would reinstate the old policy and cancel the new one.

I understand Mrs P is very upset with the way her concerns have been dealt with. Our role is to look at whether an insurer had done something wrong, if so what the impact was, and if the insurer did enough to put things right.

Having carefully listened to the key call and looked at the policy documents sent to Mr and Mrs P; I don't think RSA acted unreasonably. I think RSA made it clear that it wouldn't offer advice - and so the onus was on Mr and Mrs P to decide the levels of cover they wanted - and it is for them to check the policy documents in case anything isn't correct or doesn't meet their needs. From the call recording available, Mrs P was asked by the agent at each section of cover if she was happy with the level being offered.

Under the section 'Important Notes' in the summary of the policy sent to Mr and Mrs P on 1 November 2021, it reads:

"Important Notes

We need to let you know that when you apply for, change or renew a policy with us, you need to answer our questions honestly and truthfully to the best of your knowledge and belief. By doing this you'll have met the requirement to provide us with all the information we need. Please let us know as soon as possible if any of the details shown on your Policy Schedule aren't correct."

So based on the above, if there was anything they were unhappy about, on reviewing the policy documents, Mr and Mrs P were entitled to change the levels of cover - or cancel the policy within the cooling off period. And RSA had offered to reinstate the old policy if it had mis-sold the new policy. But it isn't for RSA to decide if the levels of cover are sufficient for Mr and Mrs P when they bought the policy: in other words, whether the policy was suitable to meet their needs.

I can see that the policy summary set out the number of years NCD which RSA showed was capped under the new policy at five years. I don't know if this was discussed in the call as part of the recording is missing. I understand Mrs P says it wasn't. So I've looked at whether the policy wording was clear which followed the call - and I think it was. I can see that under the previous policy the NCD was capped at seven years, but the same discount applied from five years or more in the event of a claim.

RSA explained that the premium it charged at renewal in May 2021 was correct. RSA has been the underwriter of Mr and Mrs P's policy since 2018. Since 2020 it made Mr and Mrs P aware of the option to shop around for a better price at renewal.

It isn't for this service to tell an underwriter/insurer what price it should charge customers as this is a commercial decision for them to make. I'm aware that Mr and Mrs P have raised a separate complaint about the premium they have paid under the previous policy in the years since they bought their mortgage with the building society. So this doesn't form part of my decision.

I realise that Mrs P will be very disappointed with my decision. And I appreciate that Mrs P feels strongly that RSA has caused her unnecessary worry. But I don't think RSA mis-sold a policy to her when it offered to look at the price for a new policy at a discounted rate. It isn't for RSA to confirm whether Mr and Mrs P had adequate cover under the old or new policy.

This therefore means I can't safely conclude that RSA is responsible for the stress and upset Mrs P felt after she bought the new policy for her and Mr P. So I don't think RSA should pay compensation for distress and inconvenience.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 21 September 2022.

Geraldine Newbold
Ombudsman