

## The complaint

Mr R and Mrs R have complained that Royal & Sun Alliance Insurance Limited (RSA) unfairly made a fraud finding when it investigated a claim under their home insurance policy.

References to RSA include companies acting on its behalf.

## What happened

Mr R and Mrs R contacted RSA to make a claim for a lost bracelet. RSA investigated the claim, including interviewing Mr R and Mrs R about the circumstances of the loss and previous claims. Mr R and Mrs R complained to RSA about the way the claim was being investigated. When RSA replied, it said it was satisfied the correct procedures had been followed.

A short while later, RSA wrote to Mr R and Mrs R again and said it was satisfied that a previous claim hadn't been honestly presented and that they were in breach of the fraud condition. It voided the policy back to 2019 and said it wouldn't consider the current claim. It said no premiums would be refunded and that it required Mr R and Mrs R to reimburse the cost of two previous claims, one for a ring and the other for storm damage.

Mr R and Mrs R initially complained to this service about the delays in investigating the claim for the bracelet. Following RSA's fraud finding, RSA gave this service permission to consider this aspect as well. Our investigator didn't uphold the complaint. She said RSA had fairly applied the fraud term, which meant it could void the policy, ask for previous claims to be reimbursed and not deal with the claim for the bracelet.

As Mr R and Mrs R didn't agree, the complaint was referred to me.

I issued my provisional decision on 14 September 2022. In my provisional decision, I explained the reasons why I was planning to uphold the complaint. I said:

*Mr R and Mrs R made a claim for a ring in 2015, which was settled. The insurer for the policy later changed to RSA. In 2019, Mr R and Mrs R made another claim for a ring, which was also settled. When Mr R and Mrs R made the most recent claim for a bracelet, RSA identified some concerns with the previous claims, which it investigated. The same company, which I will call "L", dealt with all three claims on both RSA's and the previous insurer's behalf. Following this, RSA decided there was evidence of fraud and voided the policy back to the 2019 claim.*

*Mr R and Mrs R have disputed RSA's findings, including saying that there has been confusion by RSA and L about the details of the rings that were the subject of the claims. Mr R and Mrs R also had their jewellery valued every few years and said there were issues with how the jeweller had copied and pasted some of the items from one valuation to another.*

*When RSA wrote to Mr R and Mrs R, it said:*

*“As you are already aware the issue surrounds the concern over your two previous claims for the loss of your rings, both of which feature in the valuation dated 6/7/2021. This therefore suggests the rings claimed could not have been lost in 2015 and 2019.”*

*RSA’s investigation report also showed that it had looked into the circumstances of both the 2015 and 2019 claim. I asked RSA why it had investigated the 2015 claim when it wasn’t the insurer at that time. RSA replied and said “although concerns of 2015 ring have been taken into consideration however the avoidance is due to the 2019 claim”.*

*I also asked RSA to explain its understanding of the history of the 2015 claim and how it was dealt with. When RSA replied, it said the only information on the ring was what L had supplied. In my view, that is incorrect. RSA had more information than that, in particular, the claim details from the previous insurer. But it appears to have declined to consider that information to ensure its understanding of the claim, and L’s records, were accurate.*

*For the 2019 claim, RSA provided the description of the lost ring from L’s records. It also provided L’s summary of the concerns about the claim which said: “claimed 5-stone ring features on current valuation dated 06/07/2021. We supplied a replacement 6-stone ring which also features on the Valuation”. I asked RSA about L’s description of the ring, as it was an edited version of the description shown in Mr R and Mrs R’s jewellery valuation reports. The jewellery valuation report had an inconsistency in it, describing a particular ring as six stones in one place and five stones in another. I asked how it knew L’s description correctly described the ring. RSA said the notes from when Mr R and Mrs R first made the claim didn’t include a description of the ring, which it said wasn’t unusual. It said L had said the ring was a five stone ring.*

*I also asked RSA why L’s records said it had provided a six stone ring to settle the claim when RSA’s records showed that it had been cash settled. RSA said what L had supplied in 2019 wasn’t the issue, the issue was that the 2015 and 2019 descriptions of the ring still appeared in the 2021 valuation. I’ve thought about this carefully, but I disagree. L’s records for the 2019 claim said that it provided a six stone ring, but other evidence from RSA appears to show this is wrong. If that part of L’s records about the 2019 claim was wrong that then raises a question about whether the other information, and in particular the description of the lost ring, was accurate. RSA has pointed to the same description of a ring appearing in both the 2016 and 2021 jeweller’s valuations Mr R and Mrs R arranged. I am aware those two descriptions are the same. But, in my view, that isn’t the issue. The issue is L’s records and whether it has accurately recorded information.*

*L’s records describe the 2019 claim. This includes a description of the ring and how the claim was settled. RSA’s records suggest that L’s records are wrong about how the claim was settled and it hasn’t provided any further evidence to show that the ring description was accurate. So, in my view, it has relied on L’s records to reach its fraud finding, but hasn’t answered questions about inconsistencies in L’s records.*

*RSA’s investigation concluded that it was “Confirmed Fraud”, which of all the findings it could make, requires the highest standard of proof and has the most potential consequences for a policyholder. But, having reviewed the evidence RSA relied on to make its finding, I think there are inconsistencies in the evidence and RSA appears to be unable to satisfactorily answer questions about the inconsistencies.*

*As a result, I don’t think there was sufficient evidence to show it was reasonable for RSA to decide there was fraud. So, I currently intend to uphold this complaint and say that RSA should reinstate the policy, remove all references to fraud from internal and external databases and stop any action to recover the settlement for previous claims. It should also continue to consider the claim for the bracelet should Mr R and Mrs R still wish to pursue it.*

*I've also thought about compensation. I'm aware this has been a stressful and difficult experience for Mr R and Mrs R, including because of the fraud allegation and that they have been asked to reimburse previous claims. Based on everything I've seen, I currently intend to say that RSA should pay Mr R and Mrs R £400 compensation.*

I asked both parties to send me any more information or evidence they wanted me to look at by 12 October 2022.

RSA didn't reply.

Mr R and Mrs R said they thought the decision was right and very encouraging. They said they had contacted the jeweller who made the mistake to ask if he would comment further. He declined because when he was interviewed by RSA's investigator he felt bullied and pressured by his attitude. He said he had made a mistake and had admitted it was his fault. Mr R and Mrs R said they had experienced sleepless nights, anxiety and worry because of the claim.

### **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.

Having done so, I've decided to uphold this complaint and for the reasons given in my provisional decision. I've considered the further comments from Mr R and Mrs R. I was already aware of attempts to contact the jeweller and the reasons given for him not wanting to provide information. I also considered the impact on Mr R and Mrs R when I thought about compensation. The points raised don't cause me to change my view on how this complaint should be resolved.

### **Putting things right**

RSA should reinstate the policy, remove any references to the policy's avoidance or fraud from databases, stop any action to recover the previous claim settlements and reconsider the claim, if Mr R and Mrs R still want to pursue it. RSA should also pay £400 compensation.

## **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is upheld. I require Royal & Sun Alliance Insurance Limited to:

- Reinstatement the policy.
- Remove any references to its avoidance and fraud from internal and external databases.
- Stop any action to recover the claim settlements previously paid.
- Reconsider the claim for the bracelet if Mr R and Mrs R still want to pursue it.
- Pay £400 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 10 November 2022.

Louise O'Sullivan  
**Ombudsman**