DRN-3762195

The complaint

Mr F is unhappy that Royal & Sun Alliance Insurance plc (RSA) refused to pay for matching items when he claimed under his home insurance policy for a damaged door.

What happened

Mr F claimed under his home insurance policy after accidentally damaging one of his garage doors. The doors were no longer available to buy, so RSA said it would cover the cost of replacing both doors under the matching items term of his policy. Because of the lead time for ordering the doors, RSA agreed that Mr F could source his own replacement and it would settle the invoice.

However, RSA then said it would only cover 50% of the undamaged door, later changing its offer again to cover just the damaged door. RSA said the policy only covered matching items for bathroom suites, kitchen units and three-piece suites. Mr F was unhappy with the changing decisions and complained to RSA. It offered him £100 compensation which he said he'd accept if RSA also paid for both garage doors.

In the meantime, Mr F ordered his garage doors and RSA offered a cash settlement for one door. But the offer was based on its supplier's quote for one door plus 50% of the undamaged door, so RSA contacted Mr F to say the cash settlement would be lower than stated.

Mr F complained to RSA and it accepted that its service had fallen short of what should be expected. It maintained its decision to pay for only one door, but it offered to refund the £250 policy excess that Mr F had already paid. Mr F remained unhappy and brought his complaint to this service.

Our investigator upheld Mr F's complaint. She thought RSA had made a fair offer to refund the policy excess and pay a further £100 compensation in recognition of the changing information it provided. But our investigator didn't think it was fair to class the garage door as an individual item. She agreed that the policy didn't provide cover but, in line with industry practice, she recommended that RSA cash settled 50% of the undamaged door, along with simple interest for the time from Mr F's payment to its settlement of the claim..

Neither Mr F nor RSA agreed.

Mr F remained of the view that RSA made a binding offer when it first said it would pay for both doors, so he thought it was contractually obliged to settle the full claim.

RSA said the policy was clear. It only covered specified matching items and garage doors were not included.

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.

Having done so, I've decided to uphold the complaint, but I won't be requiring RSA to pay the full claim. I'll explain.

Compensation

The facts aren't disputed. RSA accepted Mr F's claim and it agreed that it made the mistakes Mr F said it did. RSA offered a total of £350 compensation in recognition of the shortfalls. To be clear, the policy excess is payable because RSA accepted Mr F's claim. Therefore, I'm satisfied that its offer to refund it amounts to compensation.

The compensation is not intended to put matters right – it is by way of apology for the mistakes RSA made when handling Mr F's claim. I've looked at the timeline of events and see that RSA told Mr F it wouldn't be paying for both garage doors three weeks before he placed his order for two doors. Therefore, I'm satisfied that Mr F was aware of the limitations of RSA's offer before he incurred the cost of two garage doors. As there's no evidence that RSA's mixed responses caused Mr F any direct loss which needs to be put right, I consider it a fair and reasonable sum.

I won't be asking RSA to increase the compensation payment.

Matching items

RSA said garage doors are not classed as matching items. Mr F said RSA should cover both doors because it said it would when he first made his claim.

There's no dispute that garage doors are not named in the policy as matching items; nor is there any dispute that RSA offered to cover the cost of both doors to begin with.

The dispute is whether that became a binding agreement regardless of whether garage doors were specified in the policy.

The insurance policy itself is the contract, and that sets out what RSA will do in the event of a claim. In respect of matching items, where only one part is damaged, the policy says:

> *Matching sets, suites and carpets*
> *Where items originally purchased as part of a set cannot be matched and an appropriate replacement cannot be sourced, we will pay for accompanying items from a bathroom suite, three-piece suite or kitchen unit (excluding kitchen appliances) if one individual item is damaged.*
>
> *In all other circumstances an individual item from a matching set of articles is regarded as a single item. We will pay you for individual damaged items but not for undamaged companion pieces.*

The policy specifies the matching items it will pay for and garage doors are not included. Therefore, I'm satisfied that RSA was under no obligation to pay for the undamaged garage door.

That said, good industry practice is to consider paying towards the undamaged matching item if appropriate in the circumstances. RSA said it didn't consider garage doors to be matching items, but it's here that I disagree.

The two garage doors close to form a single barrier to entry, and there must be an element of fitting together to form an effective barrier which goes beyond the policy alternative of the second door being a companion piece. I can see why RSA would decline cover for, say, a matching lamp. That would be a companion piece because, if replaced with a mismatched lamp, the other would still work to its fullest extent. However, mismatched doors may not fit together as well and, therefore, wouldn't necessarily provide an effective and secure barrier. So, I struggle to see why the garage doors wouldn't be considered in line with industry practice.

For this reason, I consider it fair and reasonable for RSA to follow industry practice and cover 50% of the cost of the undamaged garage door. For clarity, the cost would be that incurred if RSA used its own supplier, so it will reflect the offer - previously made in error - of £5,445.57, less the policy excess.

Binding agreement

Mr F has already paid for two doors and he believes that RSA was contractually bound to settle his claim for both doors because it said it would. As I've already said, the contract was the insurance policy, and RSA's contractual obligation was to settle the claim in line with the policy. It's evident that RSA's agents made mistakes when they offered to settle in full, in part, and with the wrong amount. In these circumstances, I can't agree that the mistakes formed an obligation on RSA to pay for both doors. RSA corrected its mistakes, and Mr F was aware that it wasn't intending to cover the cost of both doors before he ordered them. So, I don't find that RSA caused him to incur additional costs.

I see no reason to require RSA to pay for both doors in full.

Overall, it's evident that RSA made mistakes in its handling of Mr F's claim. But I'm satisfied that the compensation already offered adequately addresses the shortfalls. However, I consider it fair and reasonable for RSA to contribute towards the undamaged door in line with industry practice. Further, as Mr F paid for his replacement doors, I consider it reasonable for RSA to pay 8% pa simple interest on the settlement from the date Mr F paid the invoice to the date RSA pays his claim.

My final decision

For the reasons given above, my final decision is that I uphold the complaint and Royal & Sun Alliance Insurance plc must:

- contribute 50% of the cost to replace Mr F's undamaged garage door, based on its own supplier costs;
- pay 8% pa simple interest* on the settlement from the date Mr F paid his invoice to the date RSA makes payment;
- refund Mr F's £250 policy excess, if it hasn't already done so, and
- pay £100 compensation, if it hasn't already done so.

*If Royal & Sun Alliance Insurance plc considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr F how much it's taken off. It should also give Mr F a certificate showing this if he asks for one, so he can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 29 November 2022.

Debra Vaughan
Ombudsman