

The complaint

Miss P complains Royal & Sun Alliance Insurance Limited ('RSA') unfairly declined her contents insurance claim after she was led to believe it would be covered.

What happened

Miss P was burgled, so she made a claim on her contents insurance policy. The thief gained entry via an open window whilst the property was unoccupied.

When Miss P made the claim, she was asked to gather evidence and documentation for the stolen items. After Miss P provided that information, RSA declined the claim because the open window breached the security requirements within the policy terms. Miss P complained.

RSA accepted it had sufficient information from the outset to decline the claim, and it offered Miss P £150 compensation for the inconvenience caused to her by not doing so. Miss P remained unhappy, so she contacted our service.

Miss P noted she paid £500 for a professional to help her gather the supporting information, and she provided the contract and invoice.

One of our investigators concluded the claim had been fairly declined. However, he said in addition to the £150 compensation, RSA should reimburse Miss P the £500. He also said RSA should pay 8% simple interest per annum on that amount.

Miss P accepted our investigator's findings, but RSA disagreed. RSA noted the £500 costs hadn't previously been presented to it. RSA said we should only base our decision on the information that was available when it issued its final response. RSA also questioned whether the costs were reasonably incurred.

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.

It's not disputed that the thief gained entry via an open window whilst the property wasn't occupied. As per the policy terms, windows must be closed and locked when there isn't anybody in the property. So, I'm satisfied the claim was fairly declined.

RSA accepts it made an error by not declining the claim from the outset. It follows that had the claim been declined from the outset, Miss P wouldn't have gone on to gather the supporting information or have paid £500 for professional help.

I accept that had the claim been accepted, Miss P's £500 costs wouldn't have been covered. However, the costs were incurred on the understanding her stolen items would be settled, and I don't find it unreasonable Miss P paid for assistance if she was struggling with gathering evidence and documentation, or if she didn't have the time.

Ultimately, the costs wouldn't have been incurred but for RSA's error. So, it follows that those costs need to be covered as part of putting matters right.

RSA makes the point the professional help is new information it wasn't aware of when responding to Miss P's complaint – and I accept that's the case. But nonetheless, the information can't reasonably be ignored by our service, and RSA has been given an opportunity to consider the costs, contract, and invoice prior to my final decision.

So, I'm satisfied RSA should reimburse Miss P the £500, and pay 8% simple interest per annum on this amount from the date she paid the invoice to the date of settlement.

The late declinature has also caused Miss P upset and inconvenience. As such, I agree the £150 compensation should be paid, in addition to reimbursing the £500.

My final decision

For the reasons I've set out above, I uphold this complaint in part.

My final decision is Royal & Sun Alliance Insurance Limited should:

- reimburse Miss P the £500 she paid for professional assistance, and pay 8% simple interest per annum on this amount from the date she paid the invoice to the date of settlement; and
- pay Miss P £150 compensation, if it hasn't yet done so.

If RSA considers that it's required by HM Revenue & Customs to deduct income tax from any interest paid, it should let Miss P know how much it has taken off. If requested, RSA should also provide a certificate showing the amount deducted, so Miss P can reclaim it from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 11 January 2023.

Vince Martin
Ombudsman