

The complaint

Mr G complains Royal & Sun Alliance Insurance Limited (RSA) have unfairly declined his buildings insurance claim.

All references to RSA also include its appointed agents.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my decision.

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 agree with the conclusions reached by the investigator for these reasons:

- RSA have referenced a policy exclusion related to illegal activities. The exclusion sets out several requirements that need to be complied with by Mr G.
- One of these requirements is that Mr G, or someone acting on his behalf, complete internal and external inspections of the building at least every three months.
- RSA have applied this in declining Mr G's claim as it said internal inspections hadn't taken place.
- I understand COVID restrictions and Mr G's tenant refusing entry made inspections difficult.
- Mr G could have reasonably done more to mitigate his circumstances regarding internal inspections, such as contacting RSA to inform them of the issues he was experiencing in inspecting the property. Mr G could also have attempted to arrange video inspections.
- But on balance, considering the circumstances, and the tenant was not responding to Mr G's requests to inspect the property in person, I'm not persuaded this would have made a difference. As it's likely the tenant wouldn't have complied.
- However, if Mr G had completed internal inspections, I also think it's likely it would only have identified the Cannabis Farm had been set up earlier. And I'm not persuaded it would have prevented it happening.
- I haven't seen any evidence to suggest the other terms regarding illegal activity hadn't been complied with and while there was more Mr G could've reasonably done, I think he did try to comply.
- I recognise the policy term strictly allows RSA to decline the claim. But I must also consider whether applying that term would produce a fair and reasonable outcome – and I don't think it treats Mr G fairly and reasonably to rely on the clause in these circumstances.
- As I've set out above if Mr G had completed internal inspections, I think it's likely it would only have identified the Cannabis Farm had been set up earlier. And I'm not persuaded that it would have prevented it happening. So, while technically it is a

breach in conditions, I think in the circumstances, it is fair and reasonable that RSA deal with the claim.

So for these reasons, I uphold this complaint.

Putting things right

- RSA should now proceed to deal with the claim under the remaining terms and conditions of the policy.
- Mr G said he had to undertake temporary work at the property to mitigate the damage. RSA should consider these costs when considering settlement, on production of sufficient evidence such as receipts.
- 8% simple interest should be added to amount paid by Mr G from the date of the invoice to the date RSA makes the settlement.

My final decision

My final decision is that I uphold Mr G's complaint against Royal & Sun Alliance Insurance Limited.

To put things right, I direct Royal & Sun Alliance Insurance Limited to do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 February 2023.

Michael Baronti
Ombudsman