

The complaint

Mr B and Mr B complain that Royal & Sun Alliance Insurance Limited declined a claim and voided their home insurance policy.

What happened

Mr B and Mr B had a home insurance policy underwritten by RSA, which covered their home and its contents. They bought the policy in August 2021. They made a claim after a laptop was accidentally damaged. RSA declined the claim and voided the policy.

They said Mr B and Mr B had made a misrepresentation when they'd bought the policy. Mr B and Mr B were asked to answer a question about the number and value of any previous losses or claims. They said there had been three previous claims – the most recent in November 2020 – but the claim value was zero for all three claims.

RSA said when they'd assessed the claim, they'd found this to be untrue. Each of the three previous claims, they said, had been settled and the claim value in each case was more than zero.

RSA said this was a careless misrepresentation in line with the terms of Consumer Insurance (Disclosure & Representations) Act (CIDRA). They also said they would not have offered cover at all had they known the full facts about the previous claims. And so, they were entitled to decline the claim, void the policy and return the premiums.

Mr B and Mr B complained to RSA, but they maintained that their decision to decline the claim and void the policy was correct. So, Mr B and Mr B brought their complaint to us.

Our investigator looked into it and thought the complaint should be upheld. He didn't think RSA had treated Mr B and Mr B fairly because the question Mr B and Mr B had been asked when they bought the policy wasn't sufficiently clear.

He said RSA should reinstate the policy and handle the claim. If Mr B and Mr B had bought a policy elsewhere and didn't want to move back to RSA, then RSA should pay Mr B and Mr B the difference in the premiums. And if Mr B and Mr B had already had the laptop fixed, RSA should reimburse them for the cost of the repair.

He also asked RSA to remove any record of the policy voidance and pay Mr B and Mr B £100 in compensation for their trouble and upset.

RSA disagreed and asked for a final decision from an ombudsman.

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.

There's no real dispute about the facts of this case. Mr B and Mr B bought the policy on-line. As part of the application, they were asked to declare any losses or claims in the previous

five years. Mr B and Mr B listed the three claims they'd made in that time period. There's no suggestion there was any mistake in the dates or types of the claims. All were for accidental damage to various items. And they were made in September 2019, February 2020 and November 2020.

The only bone of contention is about the final column in the table of previous claims that Mr B and Mr B were asked to fill in. This is headed "*claim amount*". Mr B and Mr B said the claim amount for all three claims was "£0.00". RSA found that the claims were settled by repairs being carried out by the previous insurer. This, they says means the "*claim amount*" is not zero.

Mr B and Mr B say they honestly disclosed all of their claims – which suggests they were not attempting to deceive RSA in any way. And they say they entered "£0.00" in the final column because they received no money in settlement of the claim.

RSA haven't suggested to us that there were any notes or guidance on or with the on-line application form to clarify what they meant by "*claim amount*". That begin the case, I agree without investigator that the question being asked of Mr B and Mr B when they completed this section of the form wasn't entirely clear.

On balance, I don't believe it's unreasonable, when confronted with a column headed "*claim amount*" and a box to fill in that is formatted to accept values in pounds and pence, to assume that you're being asked whether you received money in settlement of the claim – and if so, how much.

It's worth noting that in their correspondence on this case, RSA refer on occasion to "*claim value*" as the thing they were intending Mr B and Mr B to disclose. It's arguable that if that were the term used in the heading of the column in the box on the application form, it may be clearer to applicants that RSA want the value of any repairs carried out as well as any actual money paid over by the insurer. Although even then, it might be better to have some explanatory notes or guidance to advise the applicant what information exactly RSA are seeking.

But as things stand in this case, on balance I don't think it's fair to conclude that Mr B and Mr B made a qualifying misrepresentation under CIDRA when buying their policy. And that being the case, I can't conclude that it was fair and reasonable for RSA to void the policy and decline the claim.

Putting things right

Given that I don't think Mr B and Mr B made a qualifying misrepresentation under CIDRA, I agree with our investigator about what needs to be done to put things right.

RSA must reinstate the policy if that's what Mr B and Mr B want. And to absolutely clear, if they've obtained insurance elsewhere in the meantime, RSA should reimburse them the premiums they've paid and pay any cancellation fee incurred.

If Mr B and Mr B wish to stay with their current insurer, and their current premiums are more expensive, RSA should reimburse them the difference in the cost of the premiums.

RSA must also consider the claim, in line with the remaining terms of the policy at the applicable time.

If the claim is then accepted, RSA must pay for repairs or replacement (as per the policy terms). And if the claim is accepted and Mr B and Mr B have already had the laptop fixed or

replaced, RSA must reimburse them - on receipt of an invoice or other acceptable proof of payment.

RSA must also pay Mr B and Mr B £100 in compensation for the distress and worry caused by RSA's decision to void the policy. And they must ensure that any record of the voidance is removed from the Claims & Underwriting Exchange (CUE) database and from any other shared or internal database.

My final decision

For the reasons set out above, I uphold Mr B and Mr B's complaint.

Royal & Sun Alliance Insurance Limited must:

reinstate the policy, if Mr B and Mr B wish, reimbursing Mr B and Mr B for any premiums they've paid to another insurer and/or cancellation fees relating to any new policy; or

if Mr B and Mr B wish to stay with any current insurer, pay Mr B and Mr B the difference in premiums, if the insurance they've bought elsewhere is more expensive; and

consider the claim for damage to the laptop, in line with the RSA policy terms; and

if that claim is accepted, pay for repairs or replacement of the laptop, as per the terms of the RSA policy; or

if Mr B and Mr B have already had repairs carried out or replaced the laptop, reimburse them the cost of doing so, on receipt of acceptable proof of payment; and

remove any record of the policy voidance on CUE and any other databases; and

pay Mr B and Mr B £100 in compensation for their trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mr B to accept or reject my decision before 18 January 2023.

Neil Marshall
Ombudsman