

## The complaint

Miss S complains that Salvation Army General Insurance Corporation Ltd (Salvation) declined her claim for damage to items contained in a storage facility, under her contents insurance policy.

## What happened

Miss S says she was made aware of a flood in 2020 at the storage facility where she had some items stored. She says the flood didn't affect the area where her belongings were kept. She moved into a new house in June 2022 and in the following months, when unpacking her belongings, she noticed damage due to mould and dampness.

Miss S made a claim to Salvation, which it declined. It told her she had breached the conditions of her policy. Salvation says its policy terms require Miss S to take steps to prevent any loss or damage. It didn't think she had, as she made no attempt to inspect her belongings after the flood. It also says she must notify it as soon as possible of all incidents that may give rise to a claim. This must be within 30 days of the incident.

Salvation says Miss S called in May 2022 when she was removing her items from storage. It says she gave instructions to cancel the policy and enquired whether "flood" loss was covered. Salvation says there were opportunities for Miss S to notify it of an incident which may have given rise to a claim.

Miss S didn't think this was fair and referred her complaint to our service. Our investigator upheld her complaint. He says Miss S was told her items weren't affected by the flood. So, he didn't think Miss S had reason to inspect them. He says unknown to Miss S her belongings had been affected by water ingress for a period of two years. Our investigator acknowledged Miss S had 30 days to notify Salvation of the loss. But he didn't think this had a material impact as the damage had been present for around two years.

Our investigator says the Insurance Conduct of Business Sourcebook (ICOBS) rules are relevant here. He says the rules require that any breach of a condition has to be material to the claim in order for a claim to be declined. He thought the 30-day notification condition relied upon by Salvation was immaterial in these circumstances. Because of this he says Salvation should reconsider Miss S's claim without relying on the exclusions it had. In addition to paying £150 compensation for the inconvenience it caused.

Salvation didn't agree with this outcome and asked for an ombudsman to consider the complaint.

It has been 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'm upholding Miss S's complaint. Let me explain.

From the evidence provided, Miss S was told that there was a flood in a different part of the storage facility in 2020 – this was not the area where her belongings were stored. Salvation says Miss S's son also had a storage unit and that this was affected by the flood. It says that Miss S was aware the storage facility hadn't told her son his unit was affected. As a result, it thinks it would've been prudent for her to have inspected her belongings to check if damage had been caused in 2020.

Salvation refers to its policy terms that require Miss S to, "*take all steps to prevent any loss or damage*". It says by not inspecting her storage unit after she was made aware of the flood, and in knowing that her son hadn't been informed about the impact on his unit, Miss S had failed to comply with this condition.

I've thought about whether Salvation's decision was fair here. I don't think it was. Miss S confirms that she was told by the storage unit manager that the flood didn't affect her unit as it was in a different area of the storage facility. If the storage facility had told Miss S her unit was affected, and she hadn't checked for damage, I would agree with Salvation that she acted unreasonably and at odds with the terms of the policy. But that isn't what happened. I don't think Miss S acted unreasonably in relying on the information given to her by the storage facility manager.

Salvation has also relied on another policy condition when declining her claim. This says:

*"Your duties in the event of a claim or possible claim under this insurance:*

*1 You must notify our claims management team at [telephone number], as soon as possible, of all incidents that may give rise to a claim. This must be no later than 30 days from the date of the incident. If the incident is as a direct result of loss, theft, or any malicious act, then you must report the incident to the police within 24 hours of the incident to obtain a crime reference number.*

*2 You must provide us with written details of what happened within 30 days of the incident and provide any other information we may require."*

Miss S says her items were moved to her new address on 23 May 2022. She then gave a month's notice to the temporary rented accommodation she was staying in. Miss S says it wasn't until she relocated to her new home, and had time to unpack her belongings, that she identified the damage and contacted Salvation to make a claim.

I note Salvation's argument that Miss S didn't make a claim until July 2022. It thinks she should've been aware of the damage when her items were removed from storage. Salvation also says Miss S enquired about flood damage when she called to cancel the policy in May. It queried why she did this when she didn't make a claim for a further two months. It says the policy terms allow 30 days for her to report the claim, which she didn't do.

I've considered the contact notes that indicate Miss S asked about flood cover when she called in May 2022. I've thought about whether this means she knew about the damage at this time.

I acknowledge Miss S says she only called to cancel the policy. Salvations records do mention an enquiry about cover for flood damage – so there is a discrepancy between the two accounts.

I asked Salvation if it could supply a recording of the call from its conversation with Miss S in

May 2022. It was able to provide this, and I've listened carefully to what was said. In the call Miss S explains she will be moving her items soon and mentions she has been to the storage facility to check on them. Miss S says she noticed some of the boxes were wet and asks if there is damage should she claim on her insurance or from the storage facility.

During the call Salvation's agent explains its policy covers flood damage and says Miss S will need to be transferred through to its claims department. Miss S says she doesn't want to claim yet, as she hasn't been able to get into the storage unit to check if there is any damage, due to the quantity of items she has in there. She says she won't know if there is damage until she moves out. Miss S then confirms the date from which she wants to cancel the policy and the agent processes this for her.

Having listened to the call Miss S was aware of the possibility that her items could be damaged in May 2022. She refers to the flood she'd been made aware of and that she'd noticed some of her boxes were wet when she visited the facility most recently. I also note her comments that it wasn't possible to identify if there was damage until the stored items were moved out.

Salvation's policy terms say Miss S should notify it within 30 days of any incident that may give rise to a claim. Based on the evidence Miss S was reasonably first aware that damage may have been caused to her stored items when she called in May 2022. However, she didn't speak to Salvation's claims team for the reasons discussed.

I've thought about whether it's fair for Salvation to rely on this term to decline Miss S's claim. I don't think it is. Its agent didn't advise Miss S during the call that she must contact the claims team within 30 days, or this may result in the claim being declined. I think this would've been a reasonable point to mention. That said even though Salvation's terms indicate it can decline a claim for not notifying it within 30 days, it doesn't mean that it's fair to do so.

Our investigator referred to the ICOBS rules. I think these are relevant here. Particularly 8.1.2B. Essentially this says that for an insurer to decline a claim for a breach of its policy terms and conditions, the breach must be material to the loss. In these circumstances I don't think it is. The evidence indicates the damage was the result of a flood that took place at the storage facility in 2020. Any damage resulting from the flood had most likely occurred prior to May 2022. This is when Miss S reasonably became aware of possible damage to her stored items and contacted Salvation to see if she was covered.

In these circumstances I don't think the delay in Miss S making a claim was material to her loss. So, I don't think it's fair for Salvation to rely on this term to decline her claim.

I've thought about the impact this has had on Miss S. Her claim was declined unfairly, which has clearly caused inconvenience and distress. I think it's fair that Salvation pays Miss S £150 compensation to acknowledge this point.

Having considered all of this, I don't think Salvation treated Miss S fairly. It should now reconsider her claim in line with the remaining policy terms and pay her £150 compensation for the inconvenience and distress it caused her.

### **My final decision**

My final decision is that I uphold this complaint. Salvation Army General Insurance Corporation Ltd should:

- reconsider Miss S's claim in line with its remaining policy terms without relying on the

- terms it has to decline the claim; and
- pay Miss S £150 compensation for the inconvenience it caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 2 June 2023.

Mike Waldron  
**Ombudsman**