

## **The complaint**

Mr and Mrs L complain that Royal & Sun Alliance Insurance Limited (RSA) have unfairly refused to meet a claim they made on their home insurance. In addition they believe they've been over charged for their insurance for many years.

## **What happened**

### *The claim*

Mr and Mrs L suffered damage to their roof in late 2021 during a named storm. A couple of days later they contacted RSA to start a claim and said they'd started the repair process. They were asked to submit quotes etc to show the likely cost of repairs. A couple of weeks later Mr and Mrs L sent RSA a quote for £975, and RSA asked for photos of the damage. Mr L explained he didn't have any but invited RSA to inspect the work.

RSA sent a contractor out, but not until early February 2022. The contractor said he thought the damage was caused by the natural breakdown of materials rather than the storm, so RSA decided it need not meet the claim.

Mr and Mrs L complained a few days later. RSA didn't issue its final findings until the end of May. At that point it said it was wrong when it initially refused the claim and that it would settle it in part by paying for the replacement of two ridge tiles. It said it would pay Mr and Mrs L £50 compensation for not getting this right initially.

### *The policy - pricing and suitability*

Mr L contacted RSA in mid-2021 as he and Mrs L were moving home, and he wanted to transfer the insurance to the new property. During the conversation he was asked if his new property was "also thatched". He confirmed that neither his previous or new properties have been thatched, and believes that, as his and Mrs L's premiums went down after this call, that they may well have been overcharged for many years.

Mr and Mrs L say also that they were told by an agent from RSA that only new properties were covered for storm damage. So they think the policy may have been mis-sold as it was not fit for purpose. RSA says Mr and Mrs L have mis-interpreted what its agent said – which was that the policy excludes damage that's built up over a period of time – not that the policy only covers new properties.

When our investigator reviewed Mr and Mrs L's complaint, he thought that RSA should pay towards more of the roof damage repairs – that is not only the ridge tiles but also the lead flashing and some tiles nearby that had lifted. He thought the £50 compensation for the way the claim was handled was appropriate.

With regard to the pricing complaint, he looked at the comments from RSA which explained why there had been no loading on the price of the policy, and in addition explained why the price went down when Mr and Mrs L moved house. He said the information was commercially sensitive, but that he was satisfied Mr and Mrs L hadn't been overcharged.

He also checked the wording of Mr and Mrs L's policy and was satisfied that it did not exclude all but new properties from storm damage cover – so he didn't think it had been mis-sold.

He did think RSA should have done more when assessing the claim and communicating with Mr and Mrs L about this. He recommended that RSA pay Mr and Mrs L £200 compensation (including the £50 already offered) to make up for this.

Mr and Mrs L don't accept RSA's explanation about the pricing as given to our investigator by its underwriters and pricing departments.

Nor are they satisfied with RSA's explanation of what its assessor said about only "new" properties being covered. Mr L says that refusing claims for damage caused by the "natural breakdown of materials" is no different to saying only new properties are covered. He goes on to say that neither he nor Mrs L have ever seen their policy document so he's surprised RSA is now relying on an exclusion for "wear and tear" which it's never defined. He says that if RSA had inspected the roof as it should have that it would have realised the roof was in a reasonable condition – and that was confirmed by his builder.

Mr and Mrs L remain convinced that they have been paying for a policy that wasn't fit for purpose for many years and want all their premiums returned plus interest and compensation.

### **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.

I'm not going to comment on every point that has been raised in this complaint, although I have read all the paperwork from both parties. Instead I'll limit my comments to the most important points in the complaint.

There are several main points here and I'll comment on them separately.

#### *The policy*

It might help if I start with the policy and whether it was suitable or not for Mr and Mrs L. It's difficult to say what Mr and Mrs L bought in, as they say, the 1990's. I've seen no records of what insurance they bought or indeed who provided it. But I can say that the policy Mr and Mrs L claimed under does cover properties both new and old. There is, as is common in most such policies, an exclusion that says RSA need not meet a claim where a property is not in a reasonable condition before, say, a storm. I can't say Mr and Mrs L have been disadvantaged by this exclusion as it would be most unlikely they could buy a policy that didn't include similar terms. So I don't think the policy they claimed under was unsuitable. I do however agree entirely that RSA and its agent(s) mishandled the claim and didn't explain things properly. But that in itself doesn't mean the policy was unfit for purpose – although it might suggest RSA needs to train its staff more thoroughly.

#### *Policy pricing*

Turning to this part of the complaint, I can understand why Mr and Mrs L think they've been overcharged for years on their policy. And I can assure them that I haven't just taken RSA's word that they've not overcharged Mr and Mrs L. I have looked carefully at the records RSA holds and how the details they record about a property influence the cost of a policy. I'm satisfied RSA didn't load any extra cost on because of the incorrect data it held about the

property being thatched. I'm sorry I can't explain this in great detail but RSA is entitled to classify some things as commercially confidential and I'm persuaded that policy pricing falls under this heading.

I can say that the cost of a policy can be affected by many things – such as how high risk a particular postcode area is, whether windows have locks, how many bedrooms etc. It's not unusual that moving house meant that the cost of the policy changed, given the number of associated factors that would change in these circumstances.

### *The claim*

RSA has acknowledged that it didn't handle the claim well, and nor did it communicate as it should have with Mr and Mrs L. And although I do understand why Mr and Mrs L are annoyed about this, RSA can't reverse the things it did wrong – it can only offer some compensation for the upset and inconvenience Mr and Mrs L have suffered because of the way it behaved.

As for the claim itself, RSA told us some time ago that it would make a part payment towards the damage and offer Mr and Mrs L £50 to make up for the way it initially dealt with the claim. Our investigator didn't think that the offer to pay for repairs went far enough. He pointed out that Mr and Mrs L hadn't asked RSA to pay for all the repairs – only the ridge tiles and a couple nearby which were damaged when the ridge tiles were dislodged, and the flashing, which he believed could have been damaged by the storm. RSA has agreed to pay for these items and if it hasn't done so already it should do so immediately – Mr and Mrs L might need to provide a breakdown of how much of their entire repair bill was for the relevant items.

### *Compensation*

Our investigator didn't think the £50 offered by RSA was sufficient to make up for the problems it had caused and I agree with this. Having looked at all that has happened I agree that this should be increased to £200 in total. That reflects the sort of awards this service usually makes in circumstances like Mr and Mrs L's.

### **Putting things right**

To put things right (if it hasn't already done so) RSA should agree with Mr and Mrs L the cost of repairs to the ridge tiles, the adjacent damaged tiles and the flashing. Given that Mr and Mrs L have already had the repairs done, RSA must use the costs they paid for these items as a basis for settlement.

RSA must also pay Mr and Mrs L £200 compensation for the way it handled the claim and other communications, less any amount it's already paid out in respect of this.

### **My final decision**

My decision is that I uphold this complaint and require Royal & Sun Alliance Insurance Limited to pay the amounts outlined above within 28 days of the date of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 6 October 2023.

Susan Peters  
**Ombudsman**