DRN-4376772

The complaint

Mr C is complaining Royal & Sun Alliance Insurance Limited (RSA) has declined a claim he made against his landlord insurance policy. He's also unhappy with the length of time it took to make the decision it did.

What happened

In November 2022 Mr C contacted RSA to say the tenants renting a property he owned had caused damage to the property and he wanted to claim for the damage against his landlord insurance policy.

RSA asked Mr C to provide photographs of the damage, which he did. However RSA then told Mr C it wasn't covering his claim as it said the damage was down to a lack of care by the tenant and not down to malicious damage. It ultimately considered the damage to be down to wear and tear.

Mr C didn't agree with the initial decision and he had a number of telephone calls with RSA after this. He said the issue was actually as a result of the boiler tank leaking and that the tenants had removed the shower screen.

However RSA explained that Mr C only had contents cover. So it asked him a number of questions regarding the flooring, which Mr C responded to. However, it later said it still didn't think the policy covered the damage. It said it considered the flooring and shower enclosure to be fixtures and fittings. However, it acknowledged it had taken a long time to come to this conclusion and offered Mr C £200 in compensation.

Mr C didn't agree with RSA's decision. He also said he'd lost around £2,000 per month in rent during the time it took RSA to come to this decision.

Our investigator didn't uphold this complaint. He was satisfied it was fair for RSA to treat the flooring as a fixture and fitting. And he didn't think the property was uninhabitable, so he said Mr C could have rented it out.

Mr C didn't agree with the investigator. He said the flooring wasn't secured under the skirting boards, so he didn't think the policy would consider it as a fixture and fitting. And he thought it was unfair the investigator said the property was uninhabitable. He said he couldn't list the property for letting until RSA came to the decision it did. So he asked for an ombudsman to consider his complaint.

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've decided to not uphold this complaint and I'll now explain why.

I should first set out that I acknowledge I've summarised Mr C's complaint in a lot less detail than he's presented it. Mr C has raised a number of reasons about why he's unhappy with

the way RSA has handled this matter. I've not commented on each and every point he's raised Instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy by this. it simply reflects the informal nature of this service. I assure Mr C, however, that I have read and considered everything he's provided.

There's two issues for me to consider here:

1. Was it fair for RSA to decline Mr C's claim; and
2. Is RSA's compensation offer for the delay in handling the claim fair?

I shall consider each point separately.

Decision to decline the claim

Mr C's policy covers damage to "*landlord contents"* and specifically says it doesn't include buildings cover. Mr C doesn't dispute this. But he thinks the damaged items are "contents" under the policy terms.

As part of the policy's definitions, it says buildings cover includes:

"Your [Mr C's] *fixtures and fittings including fixed glass and fitted carpets"*

Mr C thinks this doesn't include his laminate flooring and he's set out the following about why he thinks his flooring would fall under contents cover:

- The policy schedule says *"Contents belonging to You in the form of floor coverings." "Contents are defined as those general contents belonging to You in the form of household goods, appliances and floor coverings used in Your capacity as a landlord".*
- He said the policy doesn't say that *"floor covering"* doesn't include engineered wood flooring.
- He says the engineered wood flooring was not installed under the skirting boards. And he said the contractor didn't remove any skirting boards when initially installing the flooring. So he maintains it's not a permanent fixture.

However, while I note Mr C's comments, I can't agree with him that the flooring isn't a fixture and fitting. Where a policy doesn't specifically set something out – i.e. in this case it doesn't say whether it considers wooden or laminate flooring contents or a fixture and fitting – then I have to think what a reasonable interpretation of it would be. And, in thinking about this, I need to take the wording of the contract as a whole into consideration to think how it would be reasonably interpreted – including what a reasonable person would consider the *intention* of any policy term.

In this case, I'm conscious the policy specifically sets out that fitted carpets are a fixture and fitting. I think flooring would fall within the same category as fitted carpets. Further to this, I can see RSA spoke with the contractor who installed the flooring. And he told RSA that he had glued the flooring down in parts. So it was fitted to the floor. I've also seen photos of the flooring and, while I don't think this is fundamental to whether it's a fixture and fitting or not, it does go under the skirting boards. And, for all these reasons, I can't say it was unreasonable that RSA said the flooring was a fixture and fitting.

Mr C says, as he installed the flooring on top of the existing floorboards, the policy would consider it a floor covering. But I can't agree. As I said, I think the flooring was permanently fixed – i.e. it couldn't easily be taken away and moved. So I don't think it's a covering, but it's an actual part of the floor. While I note Mr C's unhappiness, I don't think I can reasonably say a reasonable interpretation is that it's a floor covering.

Mr C has said that RSA's file handlers didn't know whether the damage was covered or not and said they frequently had to refer to different departments. But I can see that they did understand what the policy said and didn't think the policy covered the damage. However, they consulted with other departments to ensure their interpretation was correct. I think it could and should have been more pro-active with this investigation. But I also can't say it was unreasonable the file handlers wanted to be sure the outcome they gave was correct.

So, taking everything into consideration, I can't reasonably say it was unfair that RSA said the policy didn't cover damage to the flooring or the shower enclosure.

Compensation for the delays

RSA accepted it could have handled the claim quicker than it did. And I agree with that. But I need to think about whether this has caused Mr C to be out of pocket. I don't think it did.

RSA is entitled to investigate any claim. It set out its initial thoughts on the claim in December 2022 and I can't say it was an unreasonable conclusion based on the information Mr C initially gave about the claim and the photos he provided. Mr C didn't respond to RSA for around three weeks. RSA obtained a better understanding of the claim following this. And I agree RSA should have handled the claim more pro-actively after this point. I also don't think it was fair it took three months for it to respond to Mr C's complaint either. But I can't reasonably require it to cover Mr C's lost rent as a result of this. I'll explain why.

I can see Mr C spoke with RSA twice in January 2023 – around a week after he responded to the initial claim decline – and he explained his contractor had availability at the beginning of February 2023 to do the works. RSA explained he should get the work carried out then and could claim it back if the claim was paid. It also highlighted Mr C had a responsibility to mitigate his losses. And from what I've seen the work was done in February 2023. While RSA didn't formally decline the claim until March 2023 and issue its final response to Mr C's complaint until June 2023, I don't think this has caused Mr C any lost rent. Any rent Mr C has lost is a result of the damage he needed to get repaired, not because of what RSA did wrong in its handling of the claim. So I can't reasonably require it to pay this as compensation.

RSA should compensate Mr C for the distress and inconvenience the delays caused. I can see he frequently had to contact RSA to get updates and to get the claim moving. These delays – including the three month delay to respond to his complaint – will have added to Mr C's uncertainty. But RSA has already offered to pay Mr C £200 in compensation, which is in line with what I would have awarded. So I don't think it needs to pay him anything further.

My final decision

For the reasons I've set out above, it's my final decision that I think Royal & Sun Alliance Insurance Limited's offer to pay Mr C £200 in compensation is fair. It should pay this to him directly if it hasn't already done so. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 April 2024.
Guy Mitchell
Ombudsman