

The complaint

Mrs R complains that Royal & Sun Alliance Insurance Limited ("RSA") unfairly declined a claim she made under her home insurance (buildings) policy.

Mrs R is represented in her complaint by her partner, Mr L. For ease, I'll refer to anything said by Mr L as being said by Mrs R.

RSA is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As RSA has accepted it is accountable for the actions of the agents, in my decision, any reference to RSA includes the actions of the agents.

What happened

In April 2022, Mrs R took out a home insurance policy with RSA to cover a property she was purchasing as a second home.

In July 2022, a fault with the fire sprinkler system caused the property to be flooded, resulting in significant damage. Mrs R made a claim under her home insurance policy, which was accepted by RSA and drying works began.

However, a few months later, RSA told Mrs R that the claim wasn't covered because there was an endorsement in the policy that had been breached. Mrs R raised a complaint. But RSA maintained its position to decline the claim.

RSA noted that there was a delay in a new loss adjuster being assigned after the previous one had left, which delayed a report being composed. It apologised that Mrs R hadn't been given meaningful updates whilst her claim was being reassigned. It offered her £150 to compensate her for distress and inconvenience.

Mrs R remained unhappy and asked our service to consider the matter.

Our investigator didn't think Mrs R's complaint should be upheld. He thought it was fair for RSA to decline her claim because she hadn't complied with an endorsement on the policy which required water mains to be turned off.

Mrs R disagreed with our investigator's outcome. Her representative made a number of comments regarding the wording of the unoccupancy clause and the policy wording. He said the amendment, if valid, only applied when the property was unoccupied for 30 days, so the services only had to be turned off after 30 days or 60 days if the policy definition of unoccupied applied.

Mr L also commented that his position had been prejudiced by RSA removing fixtures, fittings and furniture from the property. He felt it was wrong for RSA to have accepted and approved the claim and then changed its mind without any further information coming to light.

As Mrs R disagrees with our investigator's outcome, the complaint 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've reached broadly the same conclusions as our investigator. I'll explain why.

I'm aware that Mrs R has raised concerns about the strip out works carried out by RSA's agents. But I haven't considered these as part of this complaint. To be clear, in this decision I've only considered RSA's decision to decline the claim and customer service issues relating to the delay in assigning a new loss adjuster.

The policy's terms and conditions define "*unoccupied*" as:

"a) Insufficiently furnished for normal occupation, or

b) Furnished for normal occupation but has not been lived in for more than 60 consecutive days."

Mrs R says her property wasn't unoccupied. She says she stayed in the property six days before the escape of water was discovered. I can see from photographs her representative has provided that there was furniture in the property at the time of the incident. So, I don't think Mrs R's property should be considered as "*unoccupied*" as defined in the policy's terms.

However, when Mrs R took out the policy, she advised the broker that the property would be used as a second home. In the statement of fact document under "*the use of your property*" it says:

"The property is left unoccupied up to 6 months during a 12 month period

You confirmed that the longest the property will be unoccupied up to 30 days at any one time

The property is used currently for weekday/weekend/second home"

The policy schedule is showing an endorsement which says:

"FG19A. UNOCCUPANCY CLAUSE (AMENDED)

The exclusions contained within Section - Buildings A4, A6 and A7 and Section - Contents A4, A6 and A7 relating to when the Home is not lived in for more than 30 consecutive days are deleted and replaced by the following:

(a) We will not be liable for loss or damage unless:

- i. the Home is inspected internally and externally at least once every 7 days by a responsible adult*

and

- ii. the water, gas and electricity supplies are turned off at the mains (and for the period November to March inclusive all water tanks, pipes and apparatus are drained) unless required to operate an automatically operated central heating system used*

to maintain a minimum temperature of 58 degrees F (15 degrees C) at all times....”

Mr L has commented that this endorsement wasn't on there when Mrs R took out the policy. However, it's showing on the schedule dated 11 April 2022 that Mr L sent to our service. So, I'm satisfied the endorsement was applied at the start of the policy.

In the Buildings section of the policy A6 is:

“Escape of water or oil escaping from a fixed heating system or domestic water installation, washing machines or dishwashers.”

I understand the property was inspected on a weekly basis by Mrs R's parents, who live nearby. However, RSA declined the claim on the basis that the second part of the endorsement was breached. This was because the water wasn't turned off at the mains, and it didn't need to be kept on to operate an automatically operated central heating system to maintain a minimum temperature of 15 degrees C. The incident happened in the summer. And, according to RSA's notes, Mr L said the reason the water and electricity was left on was to ensure sprinklers worked in case of a fire.

Given that the water wasn't turned off as required by the policy endorsement when the escape of water incident occurred, I don't think it was unreasonable for RSA to decline Mrs R's claim.

I appreciate Mrs R feels the endorsement shouldn't apply because the property hadn't been unoccupied for 30 or 60 days when the incident happened. However, the endorsement replaces the unoccupied exclusion next to the escape of water peril in the policy. So, the property didn't need to be unoccupied for the endorsement to apply.

I acknowledge Mr L's point about there being no time reference on the endorsement and the practicalities of turning off gas, electricity and water if the policyholder leaves the house for any reason. However, Mr L has also said that nobody was staying in the property when the sprinklers went off and the escape of water wasn't discovered for a few days. So, I don't think it was unreasonable for RSA to decline the claim under the circumstances.

RSA has acknowledged some communication issues and delay due to a change in the loss adjuster dealing with Mrs R's claim. I think the £150 it's offered Mrs R fairly recognises any distress and inconvenience she experienced as a result of this.

I know my answer will be disappointing for Mrs R. However, I think it was fair and reasonable for RSA to decline her claim.

Putting things right

RSA should pay Mrs R £150 for distress and inconvenience.

My final decision

Royal & Sun Alliance Insurance Limited has already made an offer to pay Mrs R £150 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Royal & Sun Alliance Insurance Limited should pay Mrs R £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 16 November 2023.

Anne Muscroft
Ombudsman