

The complaint

Mr and Mrs L are unhappy with what Royal & Sun Alliance Insurance Limited did after they made claims on their landlord rent guarantee insurance policy.

What happened

In September 2021, Mr and Mrs L's tenants fell into arrears on the insured property. They made a claim on their policy with RSA for the unpaid rent and to evict the tenants. RSA accepted the claim and agreed to cover the rent each month starting from January 2022. Mr and Mrs L said there had been delays in those payments being made.

We've previously considered a complaint about that. An Ombudsman issued a decision in March 2023. She agreed there had been delays and said RSA should pay Mr and Mrs L £200 in recognition of the impact of that on them. She said if there had been further delays after Mr and Mrs L raised those issues they could make a fresh complaint about this.

Mr and Mrs L said there had been further delay and also thought a payment had been missed. RSA explained why it didn't think that was the case. And it didn't think there had been further delay in payments being made given these weren't due until the end of the month they became payable. Our investigator agreed no payments had been missed. However, he thought there had been further delay in payments being made. Taking into account the impact of that on Mr and Mrs L he thought RSA should pay them £150.

Mr and Mrs L accepted his outcome though didn't think an award at that level would cause RSA to change its behaviour. RSA didn't agree there had been delays. It also thought it had paid Mr and Mrs L more than the six months of rent their policy entitled them to. So, even if there had been a delay in payment, this compensated them for that. As a result I need to reach a final decision.

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.

The relevant rules and industry guidelines say RSA has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

I appreciate there's been some correspondence between Mr and Mrs L and RSA about whether a rent payment they thought was due had in fact been made. However, as I understand that issue has been resolved it isn't something I've needed to consider in this decision. I've focussed on the outstanding question which is whether there have been further delays in payment being made and, if so, what action RSA needs to take to put things right.

I've reviewed the payment information provided by Mr and Mrs L and RSA. I don't think it's in dispute that, under the terms of their policy, the rent wouldn't be payable by RSA until one month after it was due (and confirmation had been provided it hadn't been received). I also recognise RSA would then need to arrange internally for that payment to be made.

However, it does seem to me that some payments in this period were nevertheless made later than they should have been. RSA hasn't disputed our investigator's view that Mr and Mrs L provided prompt confirmation when rent hadn't been received (and given their need for this money it seems likely they would have done so). And of the five payments made from May 2022 four were made over two weeks later and one of those was nearly three weeks late. I appreciate the final payment was delayed because RSA was awaiting information on dilapidations but even once that was received payment wasn't made for a further month. So I think there has been delay here.

I'm also satisfied that's impacted Mr and Mrs L. In the previous final decision the Ombudsman concluded those delays would have exacerbated an already difficult situation with ongoing legal proceedings to evict their tenant. And they were relying on rent payments being made in order to cover other bills. There's nothing to suggest the position would have been any different in respect of the delays I've identified in relation to this complaint (though I accept the period of delay is shorter).

RSA has suggested it may have paid Mr and Mrs L more rent guarantee payments than they're entitled to under the policy. However, it doesn't appear to have reached a firm view on this and said it would need to review the previous complaint in order to do so (which it hasn't done). In any event RSA didn't give any indication to Mr and Mrs L at the time they shouldn't be getting the rental payments they'd claimed. And I think they would reasonably have expected those payments to be made in a timely manner. For the reasons I've explained I think in some cases that didn't happen. I think it's right RSA pays £150 to recognise the impact of that on them.

Mr and Mrs L have suggested the level of compensation isn't sufficient to make a difference to RSA's behaviour in future. But as our investigator has explained it isn't for us to punish or fine financial businesses (that's the job of the regulator; the Financial Conduct Authority). Our role is to put right what a business got wrong in the individual complaints which are brought to us. And for the reasons I've explained I think £150 is the right amount to recognise the impact on Mr and Mrs L of what RSA got wrong.

My final decision

I've decided to uphold this complaint. Royal & Sun Alliance Insurance Limited will need to put things right by paying Mr and Mrs L £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 20 February 2024.

James Park
Ombudsman