

The complaint

Ms S complains about Royal and Sun Alliance Insurance Limited's (RSA) settlement offer, relating to her contents, under her home insurance policy.

What happened

Following a flood at Ms S' property, she submitted a claim with RSA. The claim covered buildings, alternative accommodation, and contents. This complaint against RSA regards contents only.

RSA had offered a total of £36,947.78 for Ms S' contents claim (minus an interim payment of £5,000 and the excess of £350, leaving a total of £31,597.78).

Ms S said that RSA's offer was too low. Her calculations of what RSA ought to settle the contents for amounted to a total of £46,490.67. She felt that several items on her list, RSA had undervalued. She also felt that some items that RSA had classed to be on the buildings schedule of works, should've been on the contents list. She said this was effectively, the discrepancy between the two amounts.

RSA in its final response, accepted that through the claims journey, there had been incidents of poor service and for this it offered compensation of £500, for the trouble and upset caused. It confirmed that for the content's settlement, its offer would be £31,597.78. It invited Ms S to provide any further information that she wished RSA to review.

Ms S referred a complaint to our service, one of our investigators considered the complaint and didn't think it should be upheld. He said that although Ms S had provided our service with a detailed breakdown of the value of her contents and her comments, she hadn't furnished this to RSA for review. So, he was unable to conclude that RSA had been unreasonable with its settlement offer, as it hadn't had an opportunity to review Ms S' calculations. He recommended that Ms S submit her valuations to RSA, so that it was able to review her list and arrive at a suitable agreement.

RSA accepted the view, Ms S did not. Essentially, Ms S concluded that some items that had been declared beyond economic repair (BER) should be settled under the policy terms of new for old. She further said that if there was an item that was in dispute of being either contents or buildings, and the parties couldn't agree, then this could be referred to an ombudsman. She asked for an ombudsman's 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.

Having done so, I won't uphold this complaint, for much the same reasons as our investigator. I understand that this might be a disappointment to Ms S, but I hope my findings go some way in explaining why I've reached this decision.

I should say at the outset that our service is an alternative dispute resolution organisation, and we are tasked to look at complaints with the minimum of formality on an impartial basis. I can see that Ms S has provided several detailed comments, all of which I have fully considered. But, given our remit, it's not necessary for me to respond to each and every point raised, rather, identify what the main issue of the complaint is. And I think having reviewed the evidence and the parties' comments, the main issue is whether RSA was fair in its settlement offer for Ms S' contents claim. So, I've concentrated my findings on this.

Ms S quite rightly highlights that there needs to be an open dialogue and negotiation between herself and RSA. And if, following this open dialogue, an agreement can't be reached, then a complaint can be referred to our service for investigation. She stated:

'If the policy wording and it's ancillary contractual documents are followed as the underwriter intended, then it just needs to be agreed that all BER items are settled on a new for old basis. If there is a dispute about whether a BER item was a contents item or a buildings item then the definition as defined in the household goods definition is followed. It would be a simple matter to decide if the content item was freestanding or fixed to the buildings. If either party being RSA and Ms S. could still no longer agree on the claim payment then the case could be referred back to the Ombudsman.'

So, I've had a look to see if there was an open dialogue and negotiation between Ms S and RSA.

I note that Ms S has provided quite a comprehensive list of items that were damaged because of the flood she had. She has also provided me with detailed analysis as to why certain items should be contents, rather than part of the buildings insurance. And what her valuation of the items are.

Based on the evidence that I've read, I can't see that she submitted this extensive information directly to RSA. I accept that she submitted a list but nothing further than this.

RSA in its final response, invited Ms S to contact them if there was anything further that she wished to raise regarding the settlement on her contents. Further, it told me that apart from the list that Ms S sent it, it has received nothing further from Ms S, either by way of negotiation or acceptance of its offer.

RSA said that the loss adjusters had made what it considered to be a fair offer for the outstanding items that were BER. Since the offer was made, RSA have had no contact from Ms S at all. She hasn't accepted or rejected the offer to their knowledge. And hasn't provided any evidence to show that the offer is incorrect.

RSA has offered that If Ms S does have anything else to provide it, it is happy for the loss adjusters to review, with a view of settling this part of the claim.

As mentioned, our role is to look at how an insurer handles a claim. In other words, we act as mediators for the claim itself.

I can't see that Ms S provided her revised list of items for RSA to consider. Nor (as I've said) did she negotiate with RSA directly, before referring the complaint to our service. Consequently, as RSA hasn't had an opportunity to review the list, I think it's only fair and reasonable that Ms S send her revised list to RSA for RSA to consider it.

If RSA disputes Ms S's valuations, then it ought to clearly explain why to Ms S. But I would advise Ms S to send her list to RSA for it to consider further. And if after RSA has considered the list and clearly explained its settlement offer to Ms S and Ms S is still unhappy, as she mentioned, she is at liberty to refer a complaint to our service.

I understand that Ms S is likely to be disappointed with the findings. But I don't think it's fair or reasonable that RSA hasn't had the opportunity to review her extended list and respond. So, I would advise Ms S to submit her list to RSA for it to review.

My final decision

For the reasons given, I won't uphold Ms S' complaint.

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

Ayisha Savage
Ombudsman