

The complaint

Mr L complains that when he made a claim on his landlord protection insurance Royal & Sun Alliance Insurance Limited ("RSA") didn't pay the amount claimed under the rent protection cover.

Where I refer to RSA, this includes its agents and claims handlers acting on its behalf.

What happened

Mr L rented a property to a tenant who was in receipt of benefits.

His landlord protection insurance policy includes rent protection cover and legal expenses cover for taking possession proceedings against the tenant. He made a claim on his policy after the tenant failed to pay the rent for several months.

RSA initially rejected the claim on the basis cover was only provided where the tenant had paid at least one month's rent and Mr L's tenant hadn't paid any rent.

When Mr L showed that the tenant had paid some rent, RSA said he was in breach of the requirement to notify a claim within 45 days. As a result, RSA said it wouldn't pay any rent protection payments but in order to be fair to Mr L, agreed to provide legal expenses cover for possession proceedings. Solicitors were appointed to act for Mr L in the court proceedings.

Mr L complained about the rent protection claim being rejected but RSA didn't change its position, so he referred the complaint to this Service.

Our investigator said it was fair for RSA to reject the rent protection claim because the delay in making the claim had prejudiced its position.

Mr L disagrees and has requested 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.

The relevant industry rules and guidance say insurers must deal with claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

The Tenant Mediation and Eviction section of Mr L's policy provides cover for legal costs relating to legal action for eviction proceedings to obtain possession of the property. The rent protection section of the policy provides cover for rent owed by the tenant. So Mr L did potentially have cover. But the policy excludes cover for any claim which is not made within 45 days of the insured event.

Mr L made the claim in January 2023. There had been a housing benefit payment for some of December's rent and for January's rent. But no rent had been paid between 1 August and 30 November 2022. So Mr L didn't make his claim within 45 days of the rent arrears arising.

Where there is late notification of a claim, I'd normally expect the insurer to explain how the delay had prejudiced its position. RSA didn't specifically set this out. But it did refer to the fact that no rent had been paid between August and November 2022. All that time, the rent arrears were increasing. I don't think there's any doubt this delay had caused prejudice. If Mr L had made the claim after 45 days of the rent not being paid, the arrears would have been around £1,800. By the time he did make his claim, the arrears had increased to over £5,000. This clearly made the position worse as the amount that would need to be paid was much higher.

In these circumstances I think it was fair for RA to decide not to pay the rent claim. It did agree to provide legal cover for Mr L to take possession proceedings against the tenant. That meant he could obtain possession of the property and a court judgment for the rent arrears.

In the circumstances I think the way RSA dealt with the claim was fair.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 1 March 2024.

Peter Whiteley
Ombudsman