

The complaint

Mrs T complains Royal & Sun Alliance Insurance Limited (“RSA”) unfairly declined a claim against her holiday home insurance policy.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them here. Instead, I will focus on the reasons for my 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.

Mrs T had a holiday home insurance policy, underwritten by RSA. In mid-December 2022 an escape of water was discovered. Mrs T made a claim against the policy. RSA ultimately declined the claim. Mrs T complains its decision is unfair.

The policy wording sets out what is and isn’t covered. For an escape of water, it says:

“We will NOT pay for

6. Loss or damage:

*c) whilst the **Home** is **Unoccupied** unless:*

*i) the water supply is turned off at the internal stop cock where the water enters the **Home** and all water tanks and pipes to the domestic water installation, washing machines and dishwashers are drained*

or

ii) a thermostatically controlled fixed heating system is used to maintain a minimum temperature of 15°C at all times.”

The policy defines unoccupied as:

*“a. Insufficiently furnished for normal occupation; or
b. Furnished for normal occupancy but has not been lived in for more than 60 consecutive days or is not being lived in overnight between the period 1 November and 31 March inclusive.”*

These policy terms aren’t unusual, and the exclusions around a property being left unoccupied are common as unoccupied properties pose a higher risk of an escape of water in the winter months because pipes can freeze, burst and thaw, allowing water to escape.

RSA argue, broadly, the property was unoccupied because it couldn't be let out during the winter months and while Mrs T visited, the property wasn't lived in. Mrs T argues, broadly, as a holiday home there will be times it will be unoccupied, and she did stay overnight in the property for a few days at the start of December 2022.

While I sympathise Mrs T, I must approach this matter objectively. Having done so, I find RSA is reasonable in considering the property was unoccupied. I say this because during the winter months the property wasn't 'lived in' within the normal meaning, which is that normal living activities like bathing, cooking and sleeping are regularly carried out. I'm satisfied Mrs T staying at the property for a few days occasionally is not regular.

Mrs T therefore needed to turn off/drain the water or have the heating on for the policy to respond to an escape of water claim. Unfortunately, she did neither. This is material to the claim because it's proximate cause has been identified as a pipe freezing, bursting and then thawing, allowing the escape of water. Had the water been turned off/drained, or the heating been on, the escape of water might not have occurred.

Mrs T has said she arranged her own builder to repair the damage because the loss adjuster indicated the claim would be paid. While I find the loss adjuster likely could have been clearer, I haven't seen that there was a clear statement that the claim would be paid, or that the insurer had approved it. In any case, the damage needed repairing, and delaying doing so would have likely increased the costs, so I don't find this misunderstanding materially changes Mrs T's position.

The customer service provided by RSA (and its agents) was poor. Initially the claim was set against a different insurer, which delayed things. There was a lack of meaningful communication from the loss adjuster, causing Mrs T frustration and continued uncertainty. The outcome of the claim came out of the blue. And there was little empathy shown to Mrs T's difficult personal and financial circumstances. Compensation is appropriate. RSA has apologised and offered Mrs T £500 compensation. I find that fair and reasonable.

My final decision

I uphold this complaint and require Royal & Sun Alliance Insurance Limited to pay Mrs T £500 compensation, unless it has already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 15 August 2024.

James Langford

Ombudsman