

## **The complaint**

Ms P and Mr T are complaining about the way Royal & Sun Alliance Insurance Limited (RSA) handled their buildings insurance policy after it settled a claim for damage to their conservatory.

Mr T has largely acted on behalf of Ms P and Mr T throughout the claim and complaint.

## **What happened**

In August 2022 Mr T contacted RSA as he'd noticed cracks in the walls on his conservatory which he thought might be down to subsidence. Around December 2023 RSA advised Mr T that the claim wasn't covered under the terms of the insurance policy. But, owing to the way it had handled the claim throughout, it said it would honour the claim and would make an ex-gratia payment of around £48,000. It said it would also pay VAT if Ms P and Mr T showed they'd paid for the works to be completed.

Mr T raised a further complaint for the following reasons:

- RSA removed cover for the conservatory from the policy. They said they were given the impression from the settlement agreement that there wouldn't be any changes to the policy terms.
- RSA said it would refund the £1,000 excess they'd paid, but it hadn't done so.
- RSA had recorded claims costs on the Claims and Underwriting Exchange (CUE) database, despite declining the claim.

RSA responded to the complaint and said the following:

- It was entitled to add the exclusion clause when the policy renewed because it was aware of the damage to the conservatory and the risk for further damage ensuing. It said it would remove the term if/when Ms P and Mr T showed they'd repaired it.
- It acknowledged it had caused delays in refunding the excess. It said in April 2024 it would refund this, but it hadn't done so by August 2024. So it offered a further £300 in compensation for this.
- It had recovered most of the costs it had paid out. But it had still incurred some claims costs. And it was required to record these on CUE. So it didn't think it had acted unfairly in this regard.

Our Investigator didn't uphold this complaint as she thought RSA had taken fair steps to put things right.

Ms P and Mr T didn't agree with the Investigator. They said this matter had continued to cause them significant amounts of distress and inconvenience and didn't believe the compensation reflected this. So the complaint's 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.

I've decided to not uphold this complaint and I'll now explain why.

I should first set out that I acknowledge I've summarised Ms P and Mr T's complaint in a lot less detail than they've presented it. Mr T has raised several reasons about why he's unhappy with the way RSA has handled this matter. I've not commented on each and every point he's raised. Instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy about this, but it simply reflects the informal nature of this Service. I assure Ms P, Mr T and RSA, however, that I have read and considered everything they've provided.

Secondly, I also need set out that, in this decision, I'm only considering RSA's handling of the policy up after it issued a final response letter in May 2024 until it issued another response in August 2024. Ms P and Mr T have raised various other complaints, but these aren't being considered under this complaint reference.

#### *Endorsement added to the policy*

When calculating premiums or setting terms at the start of a new policy terms, insurers take into account a large number of factors. At the renewal of each insurance policy, all insurers will carry out a new risk assessment. And insurers are entitled to change policy terms if it becomes aware of a change in risk.

It's not down to me to tell RSA what factors it should take into account when assessing risk, nor how to go about its assessment. Different insurers will have different views on what presents a risk and the extent of that risk. RSA has explained to Ms P and Mr T *"while it has been established that the damage to your conservatory isn't the result of an insured event, there is still significant damage to it that requires repairing. While the conservatory remains in its present condition, this may pose a risk of damage to the main building along with other liability issues."*

Ultimately, as I said, insurers are entitled to decide what terms it's willing to offer cover under. And I'm satisfied RSA has treated Ms P and Mr T in the same way it would have treated anyone else in the same set of circumstances. So I can't say it's been unreasonable.

Ms P and Mr T have said that RSA were inconsistent in their communication. They highlighted it said on 20 April 2024 *"Your renewal for this year has been released and already paid by you, without any restrictions or endorsements for the coming year."* But seven days later it said it was adding the endorsement.

I agree that RSA were inconsistent and shouldn't have said there wouldn't be added endorsements. And I've seen other times when RSA told Mr T it wouldn't add an endorsement at renewal in addition to the letter of 20 April 2024. But the policy hadn't renewed by this point and RSA was entitled to change its mind on that before it set the policy terms. Although I can recognise this would have been upsetting to Ms P and Mr T to receive mixed communication. But RSA did ultimately corrected its mistake within seven days. And I think it's the addition of the endorsement rather than the inconsistent communication that's caused the underlying upset in this regard. And, as I said, I don't think RSA has acted unfairly in this regard.

#### *Refund of the excess*

In its final response letter of 27 April 2024, RSA agreed to refund the £1,000 excess Ms P and Mr T paid. I'd have agreed it needed to refund the excess if it declined the claim in full

and said it wouldn't pay anything under the policy. But, in this case, RSA agreed to honour the claim. In doing so, it was settling the claim under the terms of the insurance policy as if it was covered. And part of these terms required Ms P and Mr T to pay the excess. So I don't think RSA *had* to refund the excess.

That said once RSA agreed to refund the excess, I think it should have done so pro-actively. But, instead, Mr T had to continually chase RSA for this – thereby adding to his distress and inconvenience. And it seems it took RSA around four months to refund this. However, RSA has agreed to pay £300 in compensation for this delay. This is in line with what I would have awarded in compensation, so I think it's fair. And I don't think RSA needs to do anything further to put things right.

### *Claim recorded on CUE*

Insurers are set clear guidelines about how they are required to record entries on CUE and – importantly – what they should record. As Ms P and Mr T made a claim, the guidelines are clear that insurers are still required to log the claim on CUE and set out any costs they incurred in handling the claim, regardless of whether they settled the claim or declined it.

RSA has said it incurred some costs during the process of dealing with the claim and it said it can't remove them as it's required to maintain an accurate record of its expenditure. I think this is correct given the guidance set out for how to record incidents on CUE.

I appreciate Ms P and Mr T are unhappy that the claim details are recorded against them and that they have to disclose this to future insurers. But, as I said, I can't say RSA has been unreasonable.

I understand RSA has recently said it would remove the record from CUE and Mr T has raised a further complaint about this. But, as I said above, I can only consider RSA's actions up to its final response letter in August 2024. So I'm unable to comment on that in this decision. And, as I said, I'm satisfied it acted reasonably in recording what it did on CUE.

### **My final decision**

For the reasons I've set out above, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P and Mr T to accept or reject my decision before 7 April 2025.

Guy Mitchell

**Ombudsman**