

The complaint

Mrs P and Mr P complain about Royal & Sun Alliance Insurance Limited (“RSA”) and the decision to cancel their insurance policy.

Mrs P has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mrs P or Mr P as “Mrs P” throughout the decision where appropriate.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Mrs P held a home insurance policy, underwritten by RSA, for several years.

In August 2024, Mrs P contacted RSA to claim on this policy for a cracked shower tray. But she was informed her policy had been cancelled due to non-payment in March 2024. Mrs P was unhappy about this as she had received no correspondence about the cancellation and so, she raised a complaint.

RSA responded to the complaint and upheld it. They accepted they could’ve done more to ensure they were issuing correspondence to the correct address when they received returned documents to them in 2022 and when Mrs P called to query the location of her renewal documents in late 2023. So, to recognise this they agreed to waive the outstanding payments on account, totalling £275.01, pay Mrs P an additional £100 in compensation and to assess the claim she made against the policy she held before it was cancelled. But they explained they were unable to reinstate the policy as it had since moved into the next renewal year, and it was a product they no longer offered. Mrs P remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and didn’t uphold it. They agreed RSA could have done more to ensure Mrs P’s correspondence address was correct and that had they done so, Mrs P would likely have received the cancellation correspondence. But they thought RSA’s offer to waive the outstanding charges, assess the claim and pay an additional £100 compensation was a fair one. So, they didn’t think RSA needed to do anything more.

Mrs P didn’t agree, providing several comments setting out why. These included, and are not limited to, her unhappiness that since the complaint response, RSA had assessed the claim and not agreed to cover all the repairs Mrs P felt were necessary. So, she didn’t think RSA’s complaint response initially offered was a fair one.

Our investigator explained to Mrs P what could be considered under this complaint reference, setting out why any issue about how RSA offered to conclude the claim would need to be handled separately as their claim decision was made after the date of their initial complaint response. A new complaint was set up for our service to consider this issue but Mrs P continued to disagree and so, the complaint has been passed to me for a 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'm not upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached this decision, I think it's important for me to set out what I've been able to consider, and how. I note Mrs P is unhappy with the way RSA have proposed to settle her claim, after agreeing to assess it. As RSA made their claim decision after their complaint response, this is a separate issue that will be considered separately by our service. It isn't something I've considered when reaching my decision here.

And I note in RSA's complaint response I am considering, they have already accepted they should've done more to ensure Mrs P's correspondence address was correct on several separate occasions, accepting this impacted Mrs P's ability to receive their cancellation correspondence. So, I think it's accepted that RSA acted unfairly when cancelling her policy and because of this, I don't think the merits of Mrs P's complaint remain in dispute. So, I won't be commenting on the merits in any further detail. Instead, I've focused on what does remain in dispute, which Mrs P has explained is the fairness of what RSA proposed to put things right.

When thinking about what RSA should reasonably do to put things right, any award or direction should ensure Mrs P is placed back in the position she would've been in, had RSA acted fairly in the first place.

In this situation, had RSA acted fairly, they would've been more proactive in ensuring they held the right correspondence address for Mrs P. Had they done so, it's accepted Mrs P would've received the cancellation correspondence.

Considering Mrs P contacted RSA to make a claim after the policy had been cancelled, and that she asked for the policy to be reinstated, I think it's reasonable for me to assume had Mrs P received this cancellation correspondence, she would've taken action to prevent the cancellation occurring. And she would then have received the relevant renewal correspondence, which would have explained RSA would be unable to provide a new policy at renewal due to the product no longer being on offer.

So, Mrs P would've had a reasonable awareness she needed a new home insurance policy, which would've been in place when she discovered the issue with her shower tray.

Because of this, I think RSA's offer to consider Mrs P's claim under her most recent, in force policy was a reasonable one, as it ensured she had an insurance policy available to claim on for the issue she discovered. And I think this reasonably put her back in the position she would've been in.

On top of this, RSA agreed to waive the outstanding payments on account, totalling £275.01. Mrs P had an obligation to meet these payments, as she agreed to take out the policy for that year with RSA. So, by waiving this amount and agreeing to cover the claim Mrs P made, she's received a financial benefit of £275.01 and I will be treating this waiver as compensation, alongside the additional £100 RSA paid.

So, this means that Mrs P received a total of £375.01 in compensation, while also having her

claim assessed. And I think this offer is a fair one, that falls in line with our services approach and what I would've directed, had it not already been put forward.

I think it fairly recognises the number of instances RSA failed to recognise an issue with Mrs P's correspondence address, and how this impacted her ability to receive the cancellation documentation.

But I think it also fairly reflects the fact that Mrs P was reasonably aware her policy with them remained live, as she contacted them to make a claim. So, in line with our services approach, I would've expected Mrs P to have reasonable knowledge that she was making payments to RSA for this policy and when these payments stopped being taken, I would've expected Mrs P to have noticed this and queried why this was.

That's not to say I think Mrs P is to blame for the situation she found herself in. But our service does expect a customer to have a reasonable awareness of the policies they have taken out, and the payments they are making towards them. So, this must be taken into consideration and because of this, I don't think I can say RSA were solely responsible for the policy being cancelled. So, because of all the above, I won't be directing RSA to do anything more regarding this complaint.

I understand this is unlikely to be the outcome Mrs P was hoping for and I want to reassure her I've considered all the comments she's put forward. I appreciate she understood RSA's offer to be an agreement they would cover her claim in full. But I'm satisfied RSA's complaint response makes it reasonably clear the complaints handler couldn't validate the claim and that the offer was to pass the claim to the relevant department to undertake this work. And this is what RSA did.

I also want to make it clear the £100 compensation RSA paid is entirely separate to any excess payment Mrs P had to make as part of the claim itself. Any complaint about having to pay an excess would need to be considered alongside Mrs P's complaint about the claim decision itself, which as I've explained will be considered by our service separately.

My final decision

For the reasons outlined above, I don't uphold Mrs P and Mr P's complaint about Royal & Sun Alliance Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 2 April 2025.

Josh Haskey
Ombudsman