

The complaint

Mrs L complains that Royal & Sun Alliance Insurance Limited (“RSA”) unfairly cancelled her home insurance policy when she made a claim, and refused to deal with the claim.

Any reference to RSA in this decision includes its appointed agents. Mrs L has a representative acting on her behalf in this complaint, so for simplicity I’ll refer to Mrs L’s representative’s comments and actions as her own.

What happened

Mrs L took out a home insurance policy with RSA in March 2022. In October 2022, Mrs L made a claim under the policy when she discovered a leak in her ground floor cloakroom. There had been an escape of water in the same area of the home earlier that year, which had been dealt with by a previous insurer.

The damage was inspected, and a cash settlement was offered. Mrs L contacted RSA to say the amount offered wasn’t adequate and provided her own quote for the work. The quote was agreed, and RSA asked Mrs L if the quote was still valid. Mrs L then provided a new quote for around £10,000 more, saying the contractor who had provided it said that prices had increased and the quote now included storage costs.

Concerns were raised about the legitimacy of the contractor that had provided the quotes. RSA explained that the company couldn’t be contacted and there was no record of its existence. RSA also had concerns that the claim included damage related to the previous escape of water, and that the previous leak hadn’t been disclosed to RSA when the policy was taken out. So RSA told Mrs L that the policy had been voided, that the claim wouldn’t be considered and that it was pursuing its rights to recover an outlay of over £2,000.

Mrs L was unhappy with RSA’s decision. She said the previous leak had been disclosed, that the claim wasn’t fraudulent and that she’d provided all the information required. So she made a complaint.

In response to the complaint, RSA said it thought, based on the available evidence, that Mrs L had provided potentially false quotes for a non-existent company and was claiming for damage that had already been subject to a previously cash-settled claim with her previous insurer. Mrs L remained unhappy with RSA’s response, so she referred her complaint to this service.

Our Investigator considered the complaint, but didn’t think it should be upheld. She said the concerns RSA had, over the information provided during the claim, were reasonable and that it was therefore entitled to take the action it did.

Mrs L didn’t agree with our Investigator’s assessment, so the complaint was referred to me to decide. I issued my provisional decision on 7 February 2025. I’ve included an extract from my provisional decision below:

“I should first clarify that my role isn’t to determine if Mrs L made a fraudulent or exaggerated

claim. It's to determine if RSA acted fairly and reasonably in all the circumstances, based on the information available to it at the time.

And I'm currently persuaded by the evidence that RSA made reasonable enquiries in relation to the claim, in order to validate it. I also don't consider that the ultimate conclusions it reached or the subsequent actions it took were unreasonable. I say this for the following reasons:

- RSA asked for details of the emergency plumber that had carried out work to stop the leak following the second escape of water. I'm satisfied Mrs L provided some information about that job at the time, including the company she used and the first name of the plumber. This enabled RSA to conduct further enquiries. RSA contacted the company and was told they could only provide the plumber's details to Mrs L directly. In June 2023, RSA asked Mrs L to get in touch with the company to obtain the plumber's details. There's no evidence to show Mrs L did this at the time, and RSA had to chase several times for a response to its enquiries. I can see a statement from that plumber was later provided. However, there is no information to show how that statement was obtained. So I can appreciate why RSA concluded that there was insufficient evidence regarding the works carried out.*
- The quotes provided by Mrs L which RSA was considering were said to have been delivered to her by hand. However, the first document provided appears to be a photograph of a printed quote, and the other is clearly an electronic document. Mrs L's explanation is that a high-quality scanning app was used, but looking closely at the document, I can understand why RSA wasn't persuaded it had been scanned. The authenticity of the quotes was further called into question when the company couldn't be contacted. So overall I'm satisfied RSA hasn't acted unfairly in relation to its enquiries regarding those quotes.*
- Photos provided by Mrs L's previous insurer and photos taken by RSA's agents corresponded exactly, for example in relation to precise patterns on the flooring – which indicated to RSA that the work Mrs L had said had been carried out following the previous leak may not have been done. I can't see that any explanation has been given about this and Mrs L has simply told RSA that the friends of a relative carried out the work. However a quote was later provided for the work, which contradicts what Mrs L had told RSA about not retaining any estimates.*
- Mrs L's policy states "Where fraud, (which can include exaggeration) is detected, claims will not be paid and we may refer the matter to the police for criminal prosecution. The policy may be rendered invalid and we may take other action consistent with our legal rights". The relevant legislation for me to consider is the Insurance Act 2015, which in the circumstances entitles an insurer to refuse to pay a claim, require the consumer to pay back any money it has paid for the fraudulent claim, and cancel the policy from the date of the fraudulent act as well as keeping the full premium. Based on the information provided, I don't think it was unreasonable for RSA to apply this term, or take the action it did in relation to cancellation of the policy, refusal to pay the claim and pursuit of its outlays.*

Mrs L has also complained about the overall service she received, which I think could've been better. There were a number of instances where RSA either didn't respond to Mrs L's requests, didn't comment on evidence that had been provided following its enquiries, or didn't carry out further investigations when it would've been fair to do so. I've set out below times where I consider RSA could've done more and should've provided a better service:

- Mrs L requested details including phone call notes and recordings of calls, in order to*

show that she had disclosed the previous claim. However, I can't see that these were sent to her as she'd requested.

- RSA contacted Mrs L's previous insurer to find out which works had been carried out at the property in relation to the previous leak. The previous insurer confirmed that it had cash settled and hadn't carried out any works itself. RSA asked Mrs L for evidence that the works had been carried out. Mrs L provided screenshots of photos in a phone camera roll with the dates visible and said this showed repairs had been carried out following the first leak. The photos are dated September 2022. I can't see that RSA commented on these photos or provided an explanation as to why it didn't address that evidence.*
- I've seen evidence that Mrs L contacted her management company to ask about the contractor that had provided the quotes for the second leak. It said it did not hold details for that contractor. RSA says no record of the contractor could be found but I can't see that it made enquiries with the management company about whether that contractor ever existed.*
- There is reference throughout the file and correspondence with Mrs L that RSA "voided" the policy, and RSA has accepted that this is incorrect and it cancelled the policy rather than voiding it as if it never existed. I'm currently persuaded that the repeated references to voidance would've caused Mrs L distress. And although I don't consider RSA's decision to cancel the policy unreasonable, I don't think it should've referred to voidance in its communications.*

So, overall, I don't consider RSA to have acted unfairly or unreasonably in applying the fraud term in the policy. That's not to say that I think Mrs L made a fraudulent or exaggerated claim. It means the onus was on Mrs L to prove her claim and RSA was entitled to rely on the information available to it, in applying the policy terms, which I currently consider it did fairly.

However, I do think the service RSA provided could've been better at times and that this caused Mrs L unnecessary additional distress and inconvenience, for the reasons I've explained."

Responses to my provisional decision

Both parties responded to my provisional decision.

RSA said it accepted my provisional findings, and Mrs L said the following, in summary:

- That they accepted my finding that RSA had acted unreasonably and unfairly.
- That the fraud term in the policy was applied unfairly and that its application should be reviewed. They never wanted a cash settlement and just wanted the works to be completed.

I considered the responses to my provisional decision and made further enquiries of RSA regarding the action it had taken, if any, in relation to the fraud allegation.

RSA said there was no record of Mrs L on the Insurance Fraud Register (IFR), and that the claim could be closed as declined following a Counter Fraud Investigation, which would be factually correct and would not mark the claim as fraudulent.

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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Mrs L and RSA have provided. Instead, I've focused on those I consider to be key or central to the issues in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm partially upholding this complaint, in line with my provisional decision. I'll explain why.

RSA has accepted my provisional findings, so I'll turn to Mrs L's comments in relation to the fraud allegation. I should point out that I cannot interfere in any ongoing investigations by any third-party such as the police, so I won't be able to comment on such investigations, as they are a matter for the relevant authorities only.

I appreciate it must be distressing for Mrs L to worry about her name being on a fraud register, and what the potential impact of this might be. So I hope it reassures her to know that RSA has confirmed it has not placed her name on the IFR.

I agree with RSA's comments that closing the claim as declined following a Counter Fraud Investigation is factually correct and I'm satisfied that this won't mark the claim as having been fraudulent, which I also hope reassures Mrs L.

As I've not received any further information or evidence to change my mind, I'm upholding this complaint in line with my provisional findings.

Putting things right

Royal & Sun Alliance Insurance Limited should pay Mrs L £250 compensation for distress and inconvenience.

My final decision

I uphold this complaint and I direct Royal & Sun Alliance Insurance Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 26 March 2025.

Ifrah Malik
Ombudsman