

## **The complaint**

Ms M has complained about the way Royal & Sun Alliance Insurance Limited (RSA) recorded an incident she reported under her home and buildings insurance policy.

## **What happened**

In June 2024 Ms M called RSA. She explained that a tree from her garden had caused damage to a neighbour's property in December 2023. Ms M said there was no damage to her property.

RSA arranged for a Surveyor to attend. And it asked Ms M to obtain quotes from tree surgeons to remove the tree. Ms M did this.

The Surveyor reported to RSA that Ms M didn't have a valid claim because there was no damage to her property. Ms M complained to RSA about its decision. She said RSA was aware of this from the outset. She was unhappy that she'd taken time off work to obtain quotes and for the Surveyor to attend. She didn't want the recording of the incident to have a negative impact on her premium at renewal.

RSA said its decision to decline the costs of the tree removal was correct. But it accepted Ms M had told it in the first call there was no damage to her property. So it shouldn't have instructed a Surveyor and should have explained the tree removal wasn't covered under the policy from the outset. RSA paid Ms M £150 compensation for the distress and inconvenience caused by its poor service.

Ms M asked us to look at her complaint. She was happy with the compensation awarded. But Ms M said it wasn't made clear whether RSA had recorded the incident on external as well as internal databases. Ms M said RSA didn't address her complaint that she didn't want the incident to have a negative impact on her renewal premium. She didn't think this was fair.

One of our Investigators thought RSA was entitled to make a record of the incident. But she thought RSA should record it as a 'notification only' as Ms M would not have been able to claim in her circumstances. And she found that RSA had recorded claim costs which she didn't agree was fair. She said the claim costs were incurred as a result of RSA's failure to act on Ms M's information provided in the first notification call.

The Investigator recommended RSA should update the entry to "information only" or "notification only" and record zero costs.

The Investigator explained that Ms M would have always needed to obtain quotes for the works irrespective of whether her claim with RSA was accepted or not. So she didn't make a recommendation for a further compensation award for this.

The Investigator said Ms M hadn't complained about the impact on her renewal premium with RSA. So she didn't look at this complaint.

Ms M didn't respond. RSA didn't agree it should change how it recorded the claim status to 'notification' but it agreed to remove the claim costs.

RSA says Ms M intended to make a claim. Only where a customer notifies RSA of an incident with no intention of claiming, would it record an incident as 'notification'. So RSA

said it had correctly recorded the incident as 'no cover'. RSA wants an ombudsman to decide.

Ms M didn't respond to the Investigator's view.

I issued a provisional decision on 7 February 2025. I thought RSA should do the following:

- Change the recording of the incident from December 2023 for the fallen tree to 'notification only' or 'information only.'
- Ensure the recording shows no impact on Ms M's No Claims Bonus (NCB) as a result of the recording of the incident.
- Respond to Ms M's concern about the impact of RSA's recording of the incident on her renewal premium.
- Pay a further £100 compensation in addition to the £150 already paid for the way RSA recorded the incident and failing to respond to all of Ms M's concerns.

RSA accepted my provisional decision. It says it passed Ms M's query in relation to any impact on the renewal premium to the broker to respond to Ms M.

Mrs M didn't respond.

So the case has been passed back to me for a final 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.

This is what I provisionally found;

"RSA has provided a recording of the second part of the notification call Ms M made in June 2024. It says it doesn't have a recording of the first part. The second part is when RSA put Ms M through to its claims team. So I don't have any evidence to show if Ms M contacted RSA with the intention to make a claim, or if as a result of her call with RSA, this led to her being put through to the claims team.

In any event, having listened to the call, Ms M told RSA that there was no damage to her property, and the agent understood and acknowledged this.

When a customer calls to enquire about cover under their policy, the agent they speak to should have the knowledge and expertise to deal with their enquiry. We don't think it reasonable for an insurer to record an incident as a claim where there was never cover for the circumstances of that claim. RSA says it was Ms M's intention to claim. But there was no claim to make. Once Ms M said there was no damage to her property, I think RSA should have clearly explained that Ms M couldn't claim against the policy. And it should have explained how it would record the incident.

But RSA failed to do this – and up until November 2024 it recorded the incident on external databases as 'claim closed' due to 'no cover' with claim costs of £277. In line with industry rules, I think this was unreasonable as RSA hasn't acted in good faith. So I think RSA should change the recording of the incident to 'notification only' or 'information only'. RSA has since provided evidence to show it has removed all costs from the recording of the incident.

I agree with Ms M that RSA didn't make it clear it had recorded the incident on external as well as internal databases. In its response to her complaint, RSA said;

*"Whenever an incident is reported to us, to enable us to check if a claim is valid, we need to register the details on our system which allows us to check your policy cover and keep a record of the incident. We would not be able to remove this from our*

*system, but I can confirm this has now been closed as a declined claim and that no loss payments have been made."*

It concluded;

*"We are unable to remove the claim from our system."*

I've listened to a recording of the call Ms M made when she complained to RSA. She wanted an assurance that her renewal premium would not be affected by the way RSA had recorded the incident. And in an email from RSA's agent to RSA, it included the complaint;

*"No price increase due to the potential claim"*

So it's not clear to me why RSA didn't address this complaint point for Ms M. This service can only look at complaints that are regulated by the Financial Conduct Authority (FCA). The FCA says that complaints handling isn't a regulated activity. But we can look at poor service where the underlying complaint is about a financial service. I find this to be the case here as RSA failed to reply to Ms M's enquiry about whether its recording of the incident would impact on her renewal premium. I think RSA should have clearly explained this, along with properly explaining how it would record the incident on internal and external databases when Ms M called.

So I think RSA should change how it has recorded the incident to 'notification only' on all databases. I can see it has now changed the claim costs to zero externally. But I think this should have been done from the outset. I think RSA should pay a further £100 compensation for failing to properly record the incident, how it would be recorded externally and if or how the incident would affect Ms M's renewal premium.

I understand Ms M was inconvenienced when arranging for tree surgeons to attend her property to provide estimates for the works. But this was something she would have always had to take time out to do in order to deal with the damage caused by the tree. So I'm not making a further award here.

Depending on the response RSA provides to Ms M's query about the impact on her renewal premium, if Ms M is unhappy with the response, she can raise a new complaint."

As RSA has accepted my provisional findings, and Mrs M hasn't responded, my final decision is on the same lines as my provisional decision.

### **My final decision**

My final decision is that I uphold this complaint. I require Royal & Sun Alliance Insurance Limited to do the following:

- Change the recording of the incident from December 2023 for the fallen tree to 'notification only' or 'information only.'
- Ensure the recording shows no impact on Ms M's No Claims Bonus (NCB) as a result of the recording of the incident.
- Ensure Ms M receives a response to her concern about the impact of RSA's recording of the incident on her renewal premium.
- Pay a further £100 compensation in addition to the £150 already paid for the way RSA recorded the incident and failing to respond to all of Ms M's concerns.

Royal & Sun Alliance Insurance Limited must pay the compensation within 28 days of the date on which we tell it Ms M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or

reject my decision before 25 March 2025.

Geraldine Newbold  
**Ombudsman**