DRN-5429728

The complaint

Mr and Mrs S complain about the response of Royal & Sun Alliance Insurance Limited ('RSA'), to their home insurance claim.

As RSA are responsible for the actions of their appointed agents, any reference to RSA in my decision should also be interpreted as covering the actions of their appointed agents.

What happened

The background to this complaint is well known to Mr and Mrs S. Rather than repeat in detail what's already known to both parties, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Following a fire at their property, Mr and Mrs S reported a claim under their home insurance policy with RSA on 9 January 2023. RSA accepted the claim. Mr and Mrs S became increasingly unhappy with the service provided and RSA's response to the claim and raised a complaint. RSA partially upheld the complaint and offered £1000 to recognise service failings.

Mr and Mrs S remained unhappy and referred the complaint to our Service for an independent review. Our Investigator considered the complaint. She recommended that the offer was fair. As Mr and Mrs S didn't accept, the complaint was referred to me for a decision. I recently sent both parties a copy of my provisional decision and as the deadline for responses has now passed, I've considered the complaint 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

I'm very sorry to hear of the fire at Mr and Mrs S' property and the resulting impact on their lives – particularly at a time when they were dealing with a loss in their family.

RSA responded to accept my provisional findings. Mr and Mrs S also responded. I won't be responding to each point raised in detail as I've largely already addressed the issues they relate to:

- In a claim response of this nature, it wouldn't be uncommon for a business to remove items that were damaged or potentially damaged by a fire. This would be common across the insurance industry.

- I've found it was a failing on the part of RSA to not contact Mr and Mrs S prior to the disposal of those items - and I've increased the compensation award to reflect this.

- For transparency, I have asked our Investigator to share with Mr and Mrs S the recent information shared with our Service about the BER items removed. Mr and Mrs S would need to request any full inspection reports or information about who removed what items, or the qualifications/experience of RSA's agents directly from RSA.

- In reaching my decision I've considered on balance, what is fair and reasonable in the overall circumstances of the complaint - as per our remit under DISP 3.6.1. https://www.handbook.fca.org.uk/handbook/DISP/3/?view=chapter. That is different to the test a court of law would apply.

  When a policy holder makes a claim under their contract of insurance, it is implied that the insurer will take over the management of the claim:

  > *"Our part of the contract is that we'll provide the cover set out in this policy booklet for:*
  >
  > *• the type or types of cover included on your Policy Schedule*
  > *• the insurance period shown on your Policy Schedule.*
  >
  > *Your part of the contract is that you must:*
  > *• pay the premium shown on your Policy Schedule*
  > *• comply with all the policy conditions explained…"*

  If Mr and Mrs S are alleging that RSA have acted outside of the terms of the contract and unlawfully deprived them or stole of their possessions - they'd need to take legal advice on that and whether that was a criminal or civil matter. It wouldn't be something our Service would be best placed to consider.

In summary, the points Mr and Mrs S made don't materially affect the findings or outcome I'd previously made and therefore, I find no fair or reasonable reason to deviate from my previously set out findings and they form the basis of this, my final decision.

The scope of my decision

In response to our Investigator's assessment, Mr and Mrs S said:

> *"While we can see your points and conclusion to part of the case, namely claim delays and service we can not accept that the BER items which are not covered by the insurance including those you have listed can for any reason can be removed from our possession and disposed off without our permission, either verbally or written or implied, other items not insured were left for us to sort…"*

This implied that the remaining dispute was around those beyond economic repair ('BER') contents not covered by the policy and disposed of by RSA. However, Mr and Mrs S then replied several weeks later with a very detailed response outlining a much wider remaining dispute that covered the compensation offered for service failings, BER items, items not covered by the policy and other smaller items not addressed in our assessment.

Therefore, for completeness I will consider what remains in dispute. However, I won't be including the points around payment for smaller items that remains outstanding - as our Investigator has explained Mr and Mrs S need to raise that separately with RSA. It is our Service, not RSA that decide the scope of a complaint.

Recently Mr and Mrs S have said they've not had any communication on that matter from RSA since 27 October 2024. If they've already complained about that matter (the small items) and received a final response letter ('FRL'), they can consider referring the complaint to our Service for us to investigate. Usually, a complainant will have up to 6 months from the date of any FRL. Alternatively, if they've complained, they've not had a response and more than 8 weeks have passed - they can usually refer it to our Service as a new complaint.

The compensation offered for service failings

As RSA have accepted there have been multiple service failings when making their offer of compensation, my decision will consider whether the offer goes far enough to put things right.

RSA have broken down their £1,000 offer as follows:

- £700 for issues with the 'soda clean' and resin delays which lasted around seven months.
- £100 for incorrectly declined contents items.
- £100 for general inconvenience caused by RSA's agents.
- £100 failure of RSA's agents to respond to correspondence.

The offer of compensation is at the higher end of awards for distress and inconvenience and it's clear that this claim did not progress as smoothly as either party would've liked. I find that the offer of £1,000 doesn't go far enough to recognise the impact of RSA's service failings outlined above across many months. There were numerous service failings across many months, with Mr and Mrs S having to be the proactive party on many occasions to move the claim forward.

I also find it doesn't fully recognise all the impact on Mr and Mrs S. Specifically - the lack of communication before BER contents that weren't covered by the policy were disposed of. Numerous items not covered by the policy were disposed of by RSA without Mr and Mrs S' consent or any prior communication and RSA haven't reimbursed Mr and Mrs S for those items. Mr and Mrs S said:

> *"…the impression given to us were the items were going to be cleaned or store and returned at the end of the claim while the BER items would be disposed of and financial settlement made for there replacement. At no time until the end of the claim have we ever been under the impression any item from the BER list would not be financially or physically replaced or that any of the BER items were being classed as business or motor use, which if we had known this we would have asked for there return immediately."*

Based on experience this is unusual. Although it wouldn't be unusual for items to be cleared out or dumped to allow a clean-up or repairs to take place following an intense fire event such as this, there would generally be some level of communication prior to items being disposed that Mr and Mrs S weren't going to be indemnified for.

I can understand why Mr and Mrs S felt aggrieved. On one hand Mr and Mrs S say they may have been able to repair some of the items, or repurpose others. RSA have said:

> *"These items were disposed of, they were badly damaged following the fire and needed to be disposed of regardless of cover*."

Having considered the fire and the items proximity to it, I don't find what RSA have said to be unreasonable. I've kept in mind that had they been returned, it's possible Mr and Mrs S would've needed to arrange their own disposal either due to the nature of the damage, or for safety reasons. But this choice was taken away from them. However, I'm not directing RSA to reimburse Mr and Mrs S for the cost of these items, as no sufficiently persuasive evidence has been provided that they could have been repurposed, repaired or safely used upon their return.

I've also kept in mind that given the cause of the loss event here was a fire, it wasn't unreasonable of RSA to take precautions in relation to some of the items, but this doesn't override the communication failure that's taken place here. The disposal of these items will have caused a loss of expectation and frustration for Mr and Mrs S that RSA haven't yet acknowledged through their offer of compensation.

I also intend to find that RSA's communication and delays at the beginning of the claim meant Mr and Mrs S remained in their campervan for avoidably longer than was necessary before moving to alternative accommodation. This inconvenience also hasn't been recognised by RSA's offer.

Overall, I've increased the compensation RSA will need to pay to £1,400 to recognise the impact of their actions on Mr and Mrs S. As per our published guidelines on these types of awards, this keeps it within the same compensation bracket as RSA offered, but recognises that RSA's offer doesn't go far enough.

Loss of earnings

Mr and Mrs S are claiming for loss of earnings. But with any claim, unfortunately, will come a certain level of inconvenience and time spent on a claim. I won't be directing RSA to compensate Mr and Mrs S for loss of earnings.

BER contents

A large part of this dispute is around BER contents that were not covered by the policy. In their final response letter RSA recognised that some of these items had been unfairly declined and agreed to arrange settlement for those items. This error was factored into their compensation offer. That was positive.

However, regarding the disputed business use items, I'm satisfied RSA have given Mr and Mrs S a fair opportunity to evidence other items deemed to be for business use weren't just that – by showing how they were paid for. Mr and Mrs S have failed to do so, and given the nature of their business and the items in dispute, I find that RSA have acted fairly, reasonably and in line with the policy terms when declining cover for those items.

I also find RSA acted fairly when deeming some items being claimed for to be motor use - which wasn't covered under the policy.

There are various other points that have been raised by Mr and Mrs S, but I've focused my decision on the points that materially impact a fair and reasonable outcome being reached in this complaint.

Putting things right

I direct Royal & Sun Alliance Insurance Limited to pay Mr and Mrs S a total of £1,400 compensation to recognise the impact of their service failing when responding to this claim. Any non-indemnity (not related to the claim) compensation already paid can be deducted

from this figure.

My final decision

My final decision is that I partially uphold this complaint. Subject to Mr and Mrs S accepting the final decision before the deadline set below, Royal & Sun Alliance Insurance Limited will need to follow my direction as set out under the heading *'Putting things right'*.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 25 April 2025.

Daniel O'Shea
Ombudsman