

The complaint

Mr N complains about the service he received from Royal & Sun Alliance Insurance Limited ("RSA") when he made a claim under his home insurance (contents) policy.

RSA is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agents. As RSA has accepted it is accountable for the actions of the agents, in my decision, any reference to RSA includes the actions of the agents.

What happened

In June 2024, Mr N made a claim under his home insurance policy with RSA after his bicycle was stolen. RSA asked Mr N some questions about the theft and his living circumstances. Mr N said a lodger lived at the property with him and his partner. He wasn't sure of the exact date the lodger had moved in, but he thought it was around seven or eight months before. He said he'd told RSA's claims team about the lodger when he'd spoken to it previously about a different incident. RSA told Mr N it would need to refer this information to another team, and it would get back in touch with him.

Mr N was asked some further questions about the lodger in calls that took place over the next few days. RSA told him the underwriters couldn't make a decision on the policy without this information. Mr N said he'd already provided the information RSA wanted and it should listen to a recording of the conversation he'd had with it a couple of months before. He was unhappy that RSA wouldn't agree to pay out his claim. So, he raised a complaint.

In response to Mr N's complaint, RSA said an underwriting referral was done due to Mr N making it aware he had a lodger living at his home and because he'd confirmed he'd previously rented his home out on a short-term basis. It said the correct underwriting process needed to be followed to understand whether RSA would have offered cover if it had known about this, and to ensure he had a live policy with the correct facts. It was important that Mr N provided the information it was requesting.

RSA acknowledged that Mr N had made it aware that a lodger was living with him on a previous claim he'd tried to make. It said the call had been listened to and although Mr N had confirmed a lodger was living with him, no dates were provided. It apologised that no referral had been done at that time and said it would pay him £25 compensation.

Mr N remained unhappy and asked the Financial Ombudsman Service to consider the matter. He said he was returning the £25 cheque he'd received from RSA.

Our investigator was satisfied that RSA needed further information from Mr N in order to validate his claim. So, he didn't think RSA had acted unfairly by not settling the claim as things stood. However, our investigator didn't think £25 was sufficient to compensate Mr N for the avoidable distress and inconvenience RSA had caused him by failing to take any action when he'd first made it aware he had a lodger living with him. He recommended RSA pay Mr N a total of £100 compensation for this.

RSA accepted our investigator's outcome.

Mr N told us he'd given RSA further information about the lodger following our investigator's assessment. He said he had not found any valid reason for the refusal to pay his claim. He also commented that there were inaccuracies in RSA's final response letter.

Mr N subsequently told us that RSA had settled his claim at a reduced amount. He said he'd been told this was because his premium would have been higher if it had known he'd had a lodger.

As Mr N disagrees with our investigator's outcome, his complaint has 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.

Having done so, I've reached broadly the same conclusions as our investigator. I'll explain why.

I've considered everything Mr N has told our service, but I'll be keeping my findings to what I believe to be the crux of his complaint. I wish to reassure Mr N I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

I thought it would be helpful to provide some clarity about the Financial Ombudsman Service's role and the scope of the complaint that I'm deciding. Our role is to resolve disputes between complainants and financial businesses, to help both parties move on. It isn't our role to handle a claim or to deal with matters as they arise.

I'm aware that Mr N brought a complaint about RSA's handling of a claim he made under the legal cover section of his policy which has been considered separately by our service. In this decision, I've considered the concerns Mr N has raised about RSA's handling of his claim for his stolen bicycle, up until the date of its final response letter of 29 June 2024.

The policy's terms and conditions say:

"So that we can ensure we've got you fully covered you'll need to let us know if during the year your circumstances change or you need to change any of the information you've provided to us. You can do this using the contact details shown on your Policy Schedule.

You must tell us within 30 days as soon as you know about any of the following changes:

...

- any changes to the information you've previously provided to us as shown on the most recent Statement of Facts document sent to you...*

There's no administration charge for changing your cover but we may reassess your cover, terms and the price when we're told about changes in your circumstances. If you don't tell us about changes or give us incorrect information, the wrong terms may be quoted, a claim might be rejected or a payment could be reduced. In certain circumstances your policy might be invalid, and you may not be entitled to a refund of the premium."

RSA has provided a copy of the statement of fact from when the policy was taken out.

This says:

"The insured property will be occupied by the Policyholder as a sole occupier.

The home isn't used for any trade, professional or business purposes other than clerical work undertaken by your family."

So, I'm satisfied that Mr N was required to tell RSA if anyone else moved into his property or if it was used for business purposes.

I've listened to a recording of a telephone conversation Mr N had with RSA in March 2024, when he informed it of a leak from the flat above him. In this call, RSA asked Mr N if everyone living in his home was a family member. Mr N said he had a lodger. RSA asked Mr N if he'd made it aware of this when he took out the policy. Mr N said he hadn't. He said he didn't have a lodger when he first took out the policy, but he believed he'd updated RSA since.

The RSA representative Mr N spoke to didn't ask him any further questions about the lodger. Later in the call, she apologised for not spotting that Mr N didn't have buildings cover under his RSA policy. She told him she would log his claim as *"information only"*. She suggested he contact his buildings insurer if he wanted to claim for repairs to the building or alternative accommodation. Mr N said he wanted some legal advice on pursuing his neighbour, so he was put through to the legal team.

RSA says an underwriting referral should have been done at that time. As it wasn't, Mr N's policy hadn't been amended when he made the claim for his stolen bicycle in June 2024.

I've listened to recordings of three conversations Mr N had with RSA in June 2024.

In the first call, Mr N said he'd told RSA's claims team about his lodger the last time he'd spoken to them. He said the lodger had been living with him for around seven or eight months, but he couldn't give RSA the exact time. The RSA representative told Mr N this information needed to be referred to another team. He said someone should be in contact with him in a couple of days once a response had been received from the underwriting or sales team.

Mr N called back two days later to add some accessories that had been stolen with the bike on to his claim. During the call the RSA representative asked Mr N if he knew the date his lodger moved in. Mr N said he didn't know the exact date. He mentioned he'd let the room out to some other guests on a short-term basis around that time. He said his lodger had come and went for a bit and then decided he was going to stay. Mr N said the lodger had moved back into his property about seven months before.

The RSA representative tried to establish when the lodger had been in and out of the property before moving back in. Mr N asked why he was being asked these questions. RSA said a person living in the property who was not a family member directly related to the risk on the property. This is something that's asked when the policy is set up and every year at renewal. Mr N said he had provided information about the lodger previously and RSA needed to listen to the call.

The next day Mr N phoned RSA and spoke to a different representative. Mr N was told that the underwriters were trying to confirm the date the lodger had moved in. The representative told Mr N that the underwriting team couldn't make a decision on the policy without that information. Mr N said RSA already had that information and should go back to the recorded telephone conversation where he'd given it. He asked RSA to log his complaint, which was that RSA was refusing to pay out his claim.

In its final response letter of 29 June 2024, RSA told Mr N it was important that he provide the information it was requesting. It said that although Mr N confirmed a lodger was living with him in the call (of March 2024) no dates were provided.

Based on what I've seen and heard, I don't think RSA had enough information to update Mr N's policy and validate his claim when it issued its response to his complaint. So, I'm not persuaded it should have settled Mr N's claim at that point.

Mr N has told us he provided RSA with the information it wanted in February 2025 and it subsequently settled his claim. Mr N says RSA made a proportionate settlement and told him this was because the premium would have been higher if it had known he'd had a lodger.

I appreciate Mr N is unhappy with the amount RSA has paid him. But, as explained, in this decision I'm only able to consider RSA's actions up to the date of its final response of June 2024. So, I'm unable to make a finding on whether or not the settlement it decided to pay him was fair. If Mr N wishes to complain about the settlement, our service may be able to consider this separately, but Mr N would first need to raise this with RSA.

I think it's understandable that Mr N was frustrated that RSA didn't appear to be aware of his lodger when he made his claim for the stolen bicycle in June 2024, despite him informing it of this around three months before.

RSA has acknowledged it should have carried out an underwriting referral at that time. If it had done so, Mr N would have had the opportunity to clarify the dates his lodger resided in his property earlier. The policy might have been updated before Mr N made his claim in June 2024. And Mr N could have avoided the frustration and inconvenience he experienced in the phone calls in June.

RSA has agreed to our investigator's recommendation to pay Mr N a total of £100 compensation (including the £25 it previously offered). I think this reasonably recognises the distress and inconvenience Mr N experienced as a result of RSA's poor service. So, I think it would be fair for RSA to pay this to resolve this complaint.

Putting things right

RSA should pay Mr N a total of £100 for distress and inconvenience.

My final decision

For the reasons I've explained, I uphold Mr N's complaint and direct Royal & Sun Alliance Insurance Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 27 May 2025.

Anne Muscroft
Ombudsman