

The complaint

Mrs A and Mr A have complained that Royal & Sun Alliance Insurance Ltd (“RSA”) haven’t settled a claim made under their home insurance policy in full.

What happened

The background to this complaint is well known to the parties. In summary Mr and Mrs A had a theft at their home in October 2023. A window was broken to gain entry and a substantial amount of jewellery and cash was stolen. They claimed under their policy. RSA ultimately met the claim by applying the policy limits to the rest of the claim. This was £1000 for cash and £2000 for unspecified jewellery.

Mr A was unhappy with the settlement – he maintained that he had been told only items over £3000 needed to be specified.

Our investigator didn’t recommend that the complaint be upheld. He was satisfied that RSA had settled the claim fairly and in accordance with the policy terms.

Mr A appealed. RSA reconsidered the matter and made an increased offer and agreed to pay a further £1364,21. Mr A rejected this offer.

As no agreement has been reached the matter has been passed to me to determine.

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.

Although I’ve summarised the background and arguments, no discourtesy is intended by this. Instead, I’ve focused on what I find are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. Having done so I uphold this complaint. I’ll explain why.

The relevant regulator’s rules provide that insurers must handle claims promptly and fairly. So I’ve considered, amongst other things, the relevant law, the policy terms and the available evidence, to decide whether I think RSA treated Mrs A and Mr A fairly.

Mr and Mrs A’s policy schedule for the relevant year is dated 24 August 2023 for the insurance period 1 October 2023 to 30 September 2024. In the contents cover section it confirmed the total limit for valuables was £32,880 with a single item limit of £2000 except for three items which were specified – the values were £3,124, £3,303, £3,496.

The policy continued: *Remember to let us know if the cost to replace your valuables or single item as new is more than the limits shown.*

Mr A has said that in a call on 4 January 2023 he was advised the single article limit was £3000.

I've listened to the call. With regards to jewellery the adviser said that they went by individual values and if any item was worth over £2000 it would need to be listed. Mr A said that of the 16/17 items two were worth over £2000. Firstly a set of eight bangles £2850, Mr A asked for cover inside the home. A further set of eight bangles worth £3014. I appreciate that Mr A's recollection of the call is different, but I don't find he was advised that he only needed to specify items over £3000. I think it is important to note too that he did specify one set of bangles worth under £3000 – he wouldn't have needed to do so if his understanding was that only items over £3000 needed to be specified.

Mr A called again on 26 January 2023 and added a jewellery set to the specified items. Again during this call RSA made clear that items over £2000 needed to be specified on the policy and that cover was up to £30,000. The adviser said that anything over this amount would need to be referred to the underwriting team. Mr A didn't think this was necessary as he estimated the jewellery in the house was worth about £22,000.

Mr and Mrs A's policy schedule for the relevant year is dated 24 August 2023 for the insurance period 1 October 2023 to 30 September 2024. In the contents cover section it says:

Limits and excesses that apply to this section: Valuables (valuables are jewellery watches and items containing gold silver or platinum)

Total limit £32,880

Single item limit £2000 except for the following:

Three items were specified, the values were: £3,124, £3,303, £3,496

The Schedule also stated: *Remember to let us know if the cost to replace your valuables or single item as new is more than the limits shown.*

I'm satisfied that the policy documentation made clear that the total limit for valuables was £32,880 – save for the three specified items. Although there was significant underinsurance, RSA settled the claim by applying the total limit but not accounting for the specified items. The total paid was under £32,800 as some items had been valued at under £2000. However RSA capped the specified items at the single item limit. I find this was incorrect. I'm pleased to note that RSA has now recalculated the settlement taking into account the specified values given. This means a further payment is due of £1364,21.

Mr A has referred to the total value of the house contents insurance of £50,000 and said the value of the insured jewellery was under £23,000. I don't find either of these figures are relevant here. As mentioned, the jewellery was significantly underinsured, but RSA didn't seek to limit the claim based on the valuation Mr A gives. And the overall contents sum insured doesn't have any bearing on the settlement of this claim – which was for jewellery and cash.

I recognise that Mr A has indicated that he rejects the offer now made. But having considered all the circumstances I think it amounts to a fair and reasonable settlement. For

the avoidance of doubt, it is still open to Mrs A and Mr A to reject the offer.

My final decision

My final decision is that I uphold this complaint. I require Royal & Sun Alliance Insurance Limited to pay Mrs A and Mr A £1364.21. RSA should add simple interest to this sum at 8% per year from the date the original settlement was paid until this final settlement.

If RSA considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from the interest refund, they should tell Mrs A and Mr A how much they have taken off. They should also give Mrs A and Mr A a tax deduction certificate if asked for one, so they can reclaim the tax from HMRC if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 19 June 2025.

Lindsey Woloski
Ombudsman