

The complaint

Mr and Mrs C have complained about the amount Royal & Sun Alliance Insurance Limited (“RSA”) offered them in settlement of their claim for a damaged kitchen. They’re also unhappy with how their claim was handled.

What happened

In May 2024 Mr and Mrs C made a claim under their home insurance policy for damage to their kitchen. A kitchen unit had fallen from the wall. The falling unit damaged the unit’s contents, an electric socket and another unit door. RSA accepted the claim and proceeded to settle it. But a dispute arose in respect of the settlement for the unit and door.

RSA said its liability was only for the damaged items. So it offered Mr and Mrs C £769.74 in settlement of the unit and door. But a replacement unit and door won’t match the rest of the kitchen. So Mr and Mrs C felt RSA should make a contribution towards replacing all the units so that they match.

In respect of the claim handling, RSA recognised that things hadn’t gone smoothly and it offered Mr and Mrs C £900 compensation for the distress and inconvenience caused.

Our investigator concluded that the complaint should be upheld. In summary, she felt RSA should pay Mr and Mrs C compensation in recognition of the fact the replacement unit and door won’t match the rest of the kitchen. She felt the amount it had already offered for the claim handling was fair.

RSA disagreed with our investigator. It said Mr and Mrs C’s policy didn’t pay for undamaged parts which belong to a set, pair or suite when the damage is restricted to a specific part or clearly defined area. It also said this type of cover was available as an extension for an additional premium but Mr and Mrs C chose not to buy it. It likened the situation to accidental damage cover (which is also an optional extra for an additional premium) where we wouldn’t ask it to settle an accidental damage claim if the policyholders had chosen not to buy it.

What I provisionally decided – and why

I issued a provisional decision explaining why I felt the complaint should be upheld and what I thought RSA should pay Mr and Mrs C in settlement of the matter. The relevant parts of my provisional decision are outlined below and form part of my final decision.

Claim settlement

- The issue at the centre of this complaint arises because an insurer's liability under most insurance policies is only for the cost of repairing or replacing items that are damaged. So if there's a set of items that match – eg kitchen units, a lounge suite – and only part of the set is damaged the insurer won't pay to replace the undamaged items. That can cause a problem if the damaged item can't be replaced with something that matches the rest of the set. Consumers often feel that their insurance policy should cover the cost of replacing the whole set when this happens.
- Some insurers – including RSA – offer policies that include matching sets cover. This cover is usually provided for an additional premium. If a policy includes this cover it will usually say that the insurer will replace the whole set if one item in the set is damaged and can't be repaired and an exact replacement isn't available.
- Over the years the Financial Ombudsman Service has considered numerous complaints like this and our position is well established. In summary, we think it's unfair to make insurers pay to repair or replace the whole set when they're only contractually liable for the damaged item. But we also think it's unfair for consumers to have to put up with a set that no longer matches – before the damage they had a fully matching set and now they don't. So we think a compromise is the fair and pragmatic way forward.
- The compromise is that the insurer should pay the consumer compensation for the loss of match (on top of its contractual obligation to pay the cost of repairing or replacing the damaged item). The compensation will usually (but not always) be 50% of the cost of repairing or replacing the undamaged parts of the set. RSA was aware of our position on this issue but argued that it shouldn't apply because Mr and Mrs C had the option to avoid the situation they found themselves in by choosing to take out the additional matching sets cover. I didn't agree with RSA's argument.
- It was true that Mr and Mrs C could have bought the extra matching sets cover and had they done so it was likely that RSA would have borne the cost of replacing the kitchen units in their entirety. I didn't think this was a similar situation to one where a consumer chose not to buy accidental damage cover because we don't have a 'fair and reasonable' position in respect of accidental damage where we consider it fair for an insurer to pay compensation when something isn't actually covered by the policy – whereas we do for matching sets.
- The 'matching sets' compromise was what we usually consider to be a fair settlement in a complaint like this. With that in mind, I thought there was a reasonable argument to say that a consumer electing to buy the additional matching sets cover was effectively only upgrading from our "50% loss of match compensation" position rather than from an "only the damaged item is covered" position. In my view, the fact Mr and Mrs C chose not to buy the additional cover didn't mean that they hadn't now suffered a loss of match – they still suffered a loss of match and the basic premise of what I outline remains ie RSA's contractual liability was only for the damaged unit and door but that left Mr and Mrs C with having to put up with a loss of match. Accordingly, I wasn't persuaded that our usual position should change simply because more comprehensive cover was available and not taken.

Claim handling

- RSA had already accepted that it could have handled the claim better so I didn't think I needed to reach a conclusion on that. The issue for me to decide was whether the £900 compensation RSA had already offered was fair.
- The damage would have caused Mr and Mrs C some disruption even if the claim had been settled promptly. But RSA had a duty to settle the claim without unnecessary delays and the fact it didn't do so, in my view, caused Mr and Mrs C substantial distress and inconvenience over a sustained period that they shouldn't have had to put up with. That included them not having a fully functioning kitchen and them not knowing when repairs would be carried out. But having said that, I thought RSA's offer fairly recognised Mr and Mrs C's suffering so I didn't think there were grounds for me to increase it.

Responses to my provisional decision

RSA didn't agree with my provisional decision. It said that while it understood the general position with matching items – a position it adopts when consumers don't have the option to buy additional 'matching items' cover – it remained of the view that it was unfair for consumers who choose not to buy the additional cover to benefit from the loss of match compensation.

Mr and Mrs C accepted my provisional 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.

RSA hasn't provided anything further which changes my mind – it's essentially repeated the argument I've already considered. So it remains my view that:

- consumers who buy the additional matching sets cover are, to all intents and purposes, only really upgrading from the standard "50% loss of match compensation" position
- consumers who choose not to buy the cover still suffer a loss of match in circumstances like the one in this case (the same as any consumer who doesn't have the option to buy the extra cover), and
- the basic premise of the compromise between RSA only being liable for the damaged unit and door and Mr and Mrs C having to put up with a loss of match remains irrespective of whether they bought the additional cover or not.

Accordingly, it remains my view that RSA should settle the matter as set out in my provisional decision (and outlined below).

Putting things right

Mr and Mrs C have now replaced the damaged unit and all the doors and drawers so that they match. In my view, RSA should settle this matter by paying Mr and Mrs C £1,964.87, which is calculated as follows:

- £769.74 – the amount RSA assessed as being the cost to replace the damaged unit and door (figure A)

- £2,390.26 – the cost Mr and Mrs C incurred in replacing the undamaged items: £3,160 less £769.74 (figure B)
- $A + (50\% \text{ of } B) = £1,964.87$.

My final decision

I uphold this complaint. I require Royal & Sun Alliance Insurance Limited to pay Mr and Mrs C £1,964.87.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C and Mrs C to accept or reject my decision before 15 July 2025.

Paul Daniel
Ombudsman