

The complaint

Mr S, trading as an enterprise I'll refer to as T, complains about the decision made by Royal & Sun Alliance Insurance Limited (RSA) in relation to a business interruption insurance claim, made as a result of the COVID-19 pandemic.

What happened

Both parties are aware of the circumstances leading to this complaint, so the following is intended only as a summary and I have consciously condensed the timeline of events. Additionally, even where other parties have been involved, I have just referred to T and RSA for the sake of simplicity.

T operates as a café, and held a commercial insurance policy underwritten by RSA. The policy ran from 7 March 2019 to 6 March 2020. On 20 March 2020, the UK Government announced a number of restrictions that were being introduced to control the spread of COVID-19. These restrictions caused an interruption of T's business, and a claim for the resulting losses was later made.

RSA declined the claim, giving two reasons. Firstly, it said that T's policy expired prior to the interruption it had experienced. Secondly, RSA said that T had not demonstrated that there had been a manifestation of COVID-19 at the premises that had led to this interruption – which was the most relevant policy clause to the circumstances of the claim.

T was unhappy with this outcome, referring its complaint to the Financial Ombudsman Service. However, our Investigator did not recommend the complaint should be upheld. His opinion was that T had not provided evidence to persuade him that it was more likely than not that there had been a manifestation of COVID-19 at T's premises during the period of cover. And also that T's policy was not in place when the government-imposed restrictions had been introduced. So, he thought RSA's decision to decline the claim was fair and reasonable.

T did not agree, so its complaint has been passed to me for a 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.

Having done so, I am not upholding this complaint. I've explained why below.

Firstly, I will just re-emphasise that the above is merely a summary of the events and arguments put forward. I have considered all of the submissions from both parties. However, I will not be commenting on each point made. Instead, I will be focusing on what I consider to be the key issues. This is not intended as a discourtesy, but rather reflects the informal nature of the Financial Ombudsman.

In considering whether T's claim should be met, much of the argument has focussed on the

following clause that sets out what is covered:

“Loss as a result of

A) closure or restrictions placed on the Premises on the advice or with the approval of the Medical Officer of Health of the Public Authority as a result of a notifiable human disease manifesting itself at the Premises...”

It is not disputed that if COVID-19 did manifest at T's premises within the relevant period (a point I have returned to below), this clause would likely respond to T's claim. However, it is for T to demonstrate that an insured event has occurred.

T has not been able to point to any specific individual who it says manifested the disease. It has instead said that statistical analysis is enough to show that it is more likely than not that there was such a manifestation.

I do appreciate the difficulties with evidencing a case of COVID-19 relating to the relevant period in time. There was very limited testing for example. However, the onus does remain on T to show this. I do think that it is possible that a statistical analysis might be sufficient to demonstrate such a case. However, I am not persuaded by the evidence T has provided.

In essence, T has said that its premises are in a busy location, that there were numerous cases within the UK, and that this included cases within the county T's premises are in. This is a simplification of the argument presented by T. But even taking into account the detail T has provided, I am not persuaded this evidences that there was a manifestation at its premises. COVID-19 did not manifest at every premises, even in busy locations. So, I think a more detailed breakdown, demonstrating that the circumstances of T's premises mean it was most likely there had been a manifestation at its premises, would be required.

However, even if T could demonstrate this, there is a more fundamental issue with the claim being met.

The policy clause above is a composite one. This means that the various elements of it all need to have taken place in order for a claim to be covered. It is the sum of these elements that forms the insured event. So, as well as there having been a manifestation of a relevant disease, a closure or restrictions placed on the premises would be required in order for there to have been an insured event.

T's policy expired on 6 March 2020. At this time T's premises had not been closed and no restriction had been placed on the premises.

T is correct in that, if the insured event had happened during the period of insurance, losses that continued beyond the period of insurance could be covered for the maximum indemnity period. However, not only would T need to demonstrate that there had been a manifestation of COVID-19 at its premises prior to 7 March 2020, it would also need to demonstrate that it had been closed or had restrictions placed on it by this date. There is no evidence that this happened. And certainly the UK Government's response did not impose such restrictions or closure until after this point in time.

Given I am not persuaded that T has evidenced that all the elements of the required insured event had taken place prior to the expiration of its policy, I consider RSA acted fairly and reasonably when declining T's claim. It follows that I am unable to direct RSA to do anything more in response to this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 August 2025.

Sam Thomas
Ombudsman