

The complaint

Mr and Mrs D were unhappy their home insurance policy with Royal & Sun Alliance Insurance Limited ("RSA") was cancelled when they were having building works carried out.

What happened

Mr and Mrs D notified RSA they were intending to carry out significant building works to their house. They provided RSA with supporting documentation to allow it to consider the change in risk for insuring the property.

RSA took around seven weeks to review the additional information provided before it informed Mr and Mrs D. Having explored multiple options to continue providing cover during the building works, it was no longer able to insure their property as the risk fell outside of its underwriting criteria.

After 14-days of providing notice, RSA cancelled the policy. Mr and Mrs D were unhappy as some of the communications happened whilst they were on holiday. They felt it had an adverse impact on the enjoyment of their holiday. When they returned from holiday they didn't have enough time to arrange new cover with a different insurer which led to their home being uninsured for over a month. This caused them some worry.

Our investigator decided not to uphold the complaint. Whilst he recognised the timing of the cancellation was unfortunate, he didn't think RSA had acted unreasonably. It made its decision not to insure Mr and Mrs D based on its underwriting criteria, and it cancelled the policy in line with the terms and conditions. He thought RSA's payment of £100 compensation for service deficiencies was fair in the circumstances. Mr and Mrs D disagreed, so the case has been referred to an ombudsman.

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.

Whilst I think the timing of the policy being cancelled was unfortunate, I can't say RSA has acted unfairly so I won't be upholding this complaint. I'll explain why.

Mr and Mrs D had a period of stress when the building works had commenced, and RSA had cancelled their policy. Whilst I understand Mr and Mrs D may not have wanted to delay the works on their property, I think this was their choice. I have no reason to doubt that if Mr and Mrs D had delayed the works on the property then RSA would've had no problem in continuing to provide cover under the original terms and conditions.

However, the policy was cancelled as the works were due to commence. I think RSA was fair in cancelling the policy. Mr and Mrs D notified RSA about a change in their circumstances. RSA followed its standard procedures in assessing the change of risk and it deemed the risk fell outside of its standard underwriting criteria. It would have made the same decision for any other customer in the same position. RSA has the right to set its own

commercial policy and decide what insurance risk it wants to take on. Unfortunately, in Mr and Mrs D's case the risk was too high for RSA.

Mr and Mrs D asked if the cancellation of the policy could be extended beyond 14-days due to the holiday they were on. RSA did review this, but a management decision was made that it didn't want to be exposed to the additional risk whilst the building works were being carried out. So, it informed Mr and Mrs D of this outcome, and the policy was cancelled 14-days later. I think this is reasonable as it's consistent with what the terms and conditions of the policy sets out. I can understand why RSA wouldn't want to take on this extra risk.

I appreciate Mr and Mrs D were unhappy with the delays in RSA assessing the increased risk in the first place. RSA has apologised for this and paid £100 compensation. However, it has explained it was looking at alternative solutions to provide cover. I think it could've communicated better with Mr and Mrs D during this period. However, the fact it took over a month for Mr and Mrs D to source alternative cover I think is an indicator it wasn't a straight-forward assessment.

Whilst I do think this has impacted Mr and Mrs D, I don't think RSA has acted unreasonably. I think it reinforces the importance of planning all aspects of a building project in advance of work commencing. I don't think it's RSA responsibility to support Mr and Mrs D in finding alternative cover and I think it only withdrew its cover once it knew Mr and Mrs D had authorised the work to commence. For the reasons I've set out, I don't uphold this complaint. I think £100 compensation is reasonable for the distress RSA has caused.

My final decision

My final decision is that I don't uphold this complaint. I don't require Royal & Sun Alliance Insurance Limited to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 19 December 2023.

Pete Averill
Ombudsman