

The complaint

Ms S has complained that Royal & Sun Alliance Insurance Limited (RSA) unfairly made a fraud finding about a claim she made under a home insurance policy.

What happened

Ms S contacted RSA to make a claim for storm damage to part of her home. RSA sent a surveyor and also investigated the claim further. It then declined the claim and voided the policy on the basis of fraud, as it said Ms S had deliberately claimed for pre-existing damage to the property.

When Ms S complained, RSA replied and said it was satisfied it had fairly applied the fraud condition and that it maintained its decision to void the policy. So, Ms S complained to this service. Our investigator didn't uphold the complaint. She said RSA's decision was reasonable based on the information available to it about the condition of the property.

As Ms S didn't agree, the complaint was referred to me.

I issued my provisional decision on 13 June 2023. In my provisional decision, I explained the reasons why I was planning to uphold the complaint. I said:

RSA decided Ms S's claim was fraudulent because it said she had claimed for pre-existing damage. RSA provided the evidence it based its decision on, so I have reviewed this, along with the evidence provided by Ms S.

RSA's investigation report showed that its suspicion rating was "high". The rating in the fraud report indicated that it would only make a fraud finding and void a policy where it made a finding of "confirmed fraud". Our investigator asked RSA why it voided the policy, given it didn't seem to have decided it was confirmed fraud. RSA said: "With regards to the comments made about "high suspicion" rather than "confirmed fraud", there is no clear reason for this. I can only assume this was an admin error but as this is so long ago I cannot be certain". So, I don't currently think RSA has shown it decided the claim had reached the required standard to make a fraud finding and void the policy. However, I've looked at what happened in more detail to see whether, overall, RSA made a fair decision.

RSA's records said that Ms S "called to advise that during the bad weather a few days ago some concrete has blown off the wall of the property on the corner on the side of the house". When RSA sent a surveyor, the surveyor made a voice note of his visit. This said:

"... after some bad weather in the area [Ms S] has come out and found some of the render off the front of the property on the corner has come away and after that date, other cracks and render seems to be sort of appearing and coming away from the front wall of the property. There is a little bit of some historical damage to the bay window, which she said was there previously. She's had a couple of people come and look at this and she's had one estimate for about £800 at this moment in time. So, the point of claim here is for any damage caused by storm externally..."

In the voice note, the surveyor then asked Ms S whether she had lived at the property for about 20 years, which she confirmed was correct. She also confirmed that she'd never had any work done to the outside of the property, but that her father might have done. I'm aware the surveyor asked if the voice note was a fair summary and Ms S agreed it was.

I've also looked at the surveyor's report. This included photos, which clearly showed a range of damage to the front of the house. The circumstances of the claim were summarised as:

"The surveyor has met with the customer who has advised that the bad weather within the area has caused damage to the render on the property. The render has started to come away and has since started to crack further. There is some historical damage to the area around the bay window. The customer would like to claim for any damage caused externally by a storm event."

The report then further described the external damage:

"The customer has advised that the paintwork around the front bay window has recently started to come away. Below this area, some of the render has also come away and the customer has advised that the cracks below the upstairs window have recently appeared. However, the surveyor has checked [online images] and the cracks underneath the upstairs window are clearly evident back in November 2020. All of the reported damage would have been visible prior to the claim being reported and the customer will have been aware of these issues. The surveyor advises that the damaged areas have been on-going for a period of time."

So, I've thought about the surveyor's findings. I don't think the voice note explains whether what was described was part of the claim or a general discussion about the condition of the property. The surveyor's report also included details that weren't in the voice note and I haven't currently seen evidence Ms S said she was claiming for issues such as the bay window or damage to the upstairs window.

I also listened to the phone call between Ms S and RSA's investigator. During this call, I didn't hear Ms S say she was claiming for the front of the house and she also wasn't asked whether this was the case. I also note that whenever Ms S directly described the damage she was claiming for, she said it was on the side of the house. This included when she first made the claim and when she followed up with RSA following receipt of the voidance letter. However, when the surveyor and the investigator described it, they discussed the damage to the front of the house.

Based on what I've currently seen, I'm not persuaded RSA has shown it was reasonable for it to make a fraud finding. The front of the property seemed to have a range of pre-existing issues, but I haven't currently seen evidence Ms S was claiming for that damage, given she described the issue as being with the side of the building.

So, having thought about this carefully, I currently intend to uphold this complaint because I don't think RSA has shown Ms S was claiming for pre-existing damage. As a result, I currently intend to uphold this complaint and say RSA should remove all references to fraud from internal and external databases. It should also reinstate the policy and continue to consider the claim, subject to the remaining terms and conditions of the policy, if Ms S wants RSA to do so. I also think Ms S has been caused inconvenience and concern about how her claim has been handled. So, I also intend to say that RSA should pay Ms S £200 compensation to acknowledge this.

I asked both parties to send me any more information or evidence they wanted me to look at by 5 July 2023.

Ms S didn't reply.

RSA replied with some further documents and comments, which I have summarised as follows:

- It questioned why Ms S hadn't raised any concerns at the complaint stage about the surveyor not correctly capturing images of the damage to the property and why there weren't any images of the damage to the side of the property.
- It failed to see how there could be damage to the side of the property, as it was well shielded by the neighbouring property.
- It provided some online images going back to 2014 and an image taken by the surveyor and said the only damage it could see was to side render.
- It said that if there was damage to the side of the property, it would have expected Ms S to have highlighted that damage and the attending surveyor surely would have taken images.
- It highlighted that it had issued a challenge letter highlighting inconsistencies during the survey and didn't receive a response from Ms S. It also sent a chaser, which Ms S also didn't comment on.
- It said Ms S had been presented with several opportunities but had failed to provide any reasonable evidence that supported her arguments.
- When the policy was voided, Ms S made a formal complaint, but still didn't provide any evidence to show RSA's approach or inspection was flawed or there was any damage to the property that had been missed by the surveyor during his visit.
- For it to invoke the fraud condition in an insurance policy, it needed to demonstrate it was more likely than not that the condition was breached. Having reviewed the evidence, it felt it had conducted a fair and reasonable review of the claim.
- Its investigator could have been more explicit during the interview stage when asking the location of the damage, but all the evidence did seem to indicate that on balance the damage the insured was referring to was the concrete render as shown in the images it provided. It couldn't be anything else as the rest was brick work.

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 uphold this complaint and for the reasons given in my provisional decision. As part of that, I have thought about the further comments and documents provided by RSA, as well as looking again at what I considered when I made my provisional decision. This included the evidence gathered by RSA's surveyor and investigator. I also looked at things like online images going back several years to see what these showed. I have considered all of this again in order to make my final decision.

In my provisional decision, I explained that it wasn't clear where all of the information had come from, including because there were details in the surveyor's report that weren't in the voice note. This still hasn't been explained.

In the challenge letter, sent by RSA's investigator, it said "*... you told me that following some bad weather you had noticed that concrete had broken away from the front of the house. This is the first time this had happened and you confirmed that in the 20 years you had lived at the property there had not been any need for any previous repairs and no routine maintenance had been completed*".

I have also listened again to the phone call between Ms S and RSA's investigator. Ms S said concrete had broken away "*outside*", she didn't say it was from the front of the house. The investigator didn't ask where the claimed for damage was located. The investigator also asked if routine maintenance has been carried out at the property and Ms S said "yes". I note the challenge letter said Ms S had said no routine maintenance had been carried out. I didn't hear Ms S say there had been no need for previous repairs at the property and, for example, during the call she discussed a crack in the bathroom. I'm also aware the surveyor reported that although Ms S said she hadn't carried out maintenance at the property, she said her father might have done so. Ms S also told the investigator that she hadn't lived at the property for the whole 20-year period and that she wasn't aware of everything that happened while she was absent.

The investigator also told Ms S there was evidence of previous claims, which she said RSA was unaware of and needed to be looked into before the claim could be taken any further. During the call, the investigator didn't say there were concerns about the damage claimed for or what those concerns were. When the challenge letter was issued, the letter raised concerns about the damage claimed for, but this inaccurately reported what was discussed during the phone call. I'm aware Ms S didn't respond to the letters. However, she contacted RSA after the policy had been voided. Ms S explained her understanding of the deadline for response and why she hadn't replied and that her family had been unwell. In that call, Ms S also said the damage was to the side of the property.

Although Ms S could have done more to engage with the claim, she explained why she hadn't done so. It also didn't mean that the allegations put to her were therefore true, particularly as the challenge letter inaccurately reported what the investigator had discussed with Ms S.

Having thought about this again, I still haven't seen evidence that persuades me RSA has shown Ms S was claiming for pre-existing damage and that it was therefore reasonable for it to conclude that her claim was more likely than not fraudulent. As a result, I remain of the view that RSA should remove all references to fraud from internal and external databases. It should also reinstate the policy and continue to consider the claim, subject to the remaining terms and conditions of the policy, if Ms S wants RSA to do so. I also think Ms S has been caused inconvenience and concern about how her claim has been handled. So, I also require RSA to pay Ms S £200 compensation to acknowledge this.

Putting things right

RSA should remove all references to fraud from internal and external databases, reinstate the policy and continue to consider the claim, if Ms S wants to continue with it. RSA should also pay Ms S £200 compensation.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is upheld. I require Royal & Sun Alliance Insurance Limited to:

- Remove all references to fraud in relation to this claim from internal and external databases.
- Reinstate the policy.
- Continue to consider the claim subject to the remaining terms and conditions of the policy, if Ms S wants Royal & Sun Alliance Insurance Limited to do so.
- Pay £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or

reject my decision before 4 August 2023.

Louise O'Sullivan
Ombudsman