

The complaint

Miss B complains that Royal & Sun Alliance Insurance Limited (“RSA”) rejected a claim on her home contents insurance policy and cancelled the policy.

What happened

Miss B made a claim on her home insurance policy after two incidents close together in January and February 2022. In the first incident, involving her former partner, damage was caused to the house including the windows being smashed. In the second incident, someone broke into the house, caused further damage and stole a number of items. Miss B claimed for lost or damaged items including jewellery, clothes, furniture, televisions and computer equipment.

RSA accepted the claim in relation to the first incident but after investigating the second incident, said Miss B had made a fraudulent claim. It refused to pay that claim and cancelled her policy. Miss B complained but RSA didn’t change its decision.

In response to the complaint RSA said:

- the investigation into the second claim revealed that Miss B had claimed for the loss of a ring worth about £1,800 but she had claimed for the same ring in a previous claim;
- it considered she had deliberately exaggerated her loss in breach of the ‘fraud’ condition in the policy, which required her to present claims honestly;
- in these circumstances it was entitled to refuse the claim and cancel her policy from the date of the fraud.

When Miss B referred her complaint to this Service our investigator said RSA’s decision was reasonable. She considered what Miss B said about her circumstances but thought it was reasonable for RSA to conclude that Miss B should have remembered that she had claimed for the ring previously.

Miss B disagreed. She provided detailed comments setting out why she thought the decision was unfair and failed to take into account her particular circumstances, but the investigator didn’t change her view. So the complaint has been passed to me to decide.

I won’t set out in detail all of the points Miss B has made but they include:

- It was wrong for RSA to say the ring was a significant item; she hadn’t worn it since 2006 and it’s not reasonable to expect her to remember a previous claim made in 2014, which covered many other items in addition to the ring.
- RSA took no account of the context in which the claim was made; following the break in she was suffering from the trauma caused by what had happened; no account has been taken of the fact she was suffering from post-traumatic stress disorder and other mental health problems and her memory was affected.
- RSA says there were many conversations about the claim over a long period but she can’t remember any conversation about the previous claim – the only contact she had about the ring was one very brief call and an email asking her about a valuation.
- She mistakenly reported the ring as stolen; it was a genuine error and not deliberate

or fraudulent.

- It's unfair that the whole claim should be rejected due to one error about one item.
- RSA hasn't been open or clear in its communication with her; it has hinted at other discrepancies but never clarified these.

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.

Miss B has provided very detailed comments about her complaint. Although I haven't set these out in full I have considered everything she has said, but in my decision I will focus on the key points that affect the conclusion I have reached.

There's no dispute that Miss B had claimed for the ring previously; when this was pointed out to her she immediately accepted this but said it was an error. Following this, RSA rejected her claim and cancelled her policy. The issue for me to decide is whether that decision was fair, taking into account the policy terms and relevant law.

The policy includes the following term:

"All benefit under this Policy will be forfeited if any claim is in any respect fraudulent or if any fraudulent means are used by You or anyone acting on Your behalf to obtain any benefit under this Policy."

Miss B has referred to another policy term in her submissions but the term she mentions only relates to a different part of the policy. It's the term set out above that is relevant here.

The relevant law is the Insurance Act 2015. This says if a claim is false or exaggerated, it's fraudulent and the insurer:

- doesn't have to pay the claim;
- can require the consumer to pay back any money it has paid them for the fraudulent claim; and
- may cancel the policy from the date of the fraudulent act and keep the premium.

Miss B included in her claim a ring that she had claimed for in another insurance claim in 2014. Although she says this was an honest mistake RSA says she must have been aware of that earlier claim; this was a valuable item (worth £1,800) and RSA didn't accept that she would simply have forgotten about it.

I think it's relevant that this was a valuable item. And from Miss B's descriptions it was a replacement engagement ring. On that basis, it's reasonable for RSA to expect her to have remembered that she claimed it was lost in the earlier claim and received a payment for it. If it had been lost previously, then it couldn't have been stolen in this incident.

I appreciate Miss B says she hadn't worn the ring for many years. She has also explained the circumstances she found herself in at the time of this claim. She had been through a traumatic time and this badly affected her health. Bearing in mind how distressing it was and the impact on her, I can understand how there may have been some confusion at the time of the incident about which items had been taken. But even allowing for that, RSA has pointed out that it was corresponding with her over many months – as were its claims handlers.

RSA has explained that Miss B was required to provide evidence of the items claimed for. So it says she would have had to think about when she had bought the ring and what it was worth, and look for any evidence she had about this.

RSA pointed out to Miss B that the ring had been claimed for previously in January 2023 – 11 months after the incident. She replied the same day confirming it was the same ring but said she had forgotten about it and, when she made her claim, had assumed it was taken in the burglary. RSA had carried out an interview with Miss B in June 2022 and discussed the claim in some detail. After this, she was sent a statement to sign and a spreadsheet, similar to one prepared previously with details of items she was claiming for, but with questions added requesting details of where and when items had been bought and what proof of ownership she had. So she had to give some thought to the items she was claiming for and check what evidence she could provide.

In October 2022 RSA told Miss B it was instructing someone to value the jewellery and said they would need to discuss the items with her. This email referred to photos and a receipt for the ring that she had provided.

I think it was reasonable for RSA to say this was not an insignificant item. RSA took the view that during the investigation, there were enough prompts for her to remember that she no longer had the ring, having claimed for it previously. RSA said it was difficult to accept that over the previous 11 months she'd had no recollection of this – despite being asked about the ring and providing a receipt for it – but when it was pointed out, she immediately remembered. So it concluded she was claiming for something that she hadn't lost in this incident and wasn't entitled to claim for, meaning this was an exaggerated claim.

Given the number of times she was asked about the claim, including her items of jewellery and the evidence she provided about them, I think that is a reasonable conclusion for RSA to reach.

Miss B has referred to RSA's explanations of how it dealt with her claim and said these weren't clear. There was reference to the Consumer Insurance (Disclosure and Representations) Act 2012 and to provisions in the Insurance Act relating to making a fair presentation of risk. These apply to a customer's duty when taking out an insurance policy and are not relevant to this claim (although may have been relevant to the claim for the first incident). And in some correspondence RSA referred to voiding Miss B's policy rather than cancelling it. It wasn't able to void the policy in the circumstances that applied here; that would have meant treating it as if it had never been in force (and so the claim for the first incident would not have been valid either).

What it could do was reject this claim and cancel the policy from the date of the claim in February 2022 – which is what RSA confirmed it was doing in its final response to Miss B's complaint. So even if some of the correspondence could have been clearer, in the end RSA did clarify what it had decided.

During its investigation RSA did refer to some other issues as well as the ring but ultimately it was the claim for the ring that it considered made this claim fraudulent.

I appreciate Miss B had experienced some very difficult issues. I don't underestimate the severe impact on her. But taking all of the above into account I think RSA reviewed the evidence carefully and its decision to reject the claim and cancel the policy as from February 2022 is in line with the policy terms and the relevant law, and is fair.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 29 November 2023.

Peter Whiteley
Ombudsman