

The complaint

I, a company, complains about a claim it made on its Royal & Sun Alliance Insurance Limited ('RSA') business protection insurance policy.

I says RSA treated it unfairly.

I's complaint is brought by a representative on its behalf, but I shall refer to all submissions as being its own for ease of reference.

What happened

The history of this complaint is well known to both parties, so I won't repeat it here in detail, save to say that I's claim arises out of damage to its premises following a storm in July 2021. I submitted its claim for damage to contents and business interruption in July 2022.

In summary, I is unhappy with the settlement amount offered by RSA. It feels this doesn't adequately compensate it for the losses it suffered and that it's entitled to more. It's also unhappy with the time it's taken RSA to assess its claim. RSA says it's assessed everything and the offer it's made I is fair.

Our investigator considered I's complaint and didn't uphold it. She said RSA haven't treated I unfairly. I doesn't agree so the matter has been passed to me to decide.

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 don't uphold I's complaint against RSA. I've explained why under the headings below.

Business interruption

I says that further sums are owed to it under this claim, but that RSA has yet to pay this.

RSA says that when the policy was taken out the statement of fact stated the property was solely occupied by I, but this doesn't now appear to be the case. As such I is only covered for their specific losses.

I appreciate that I says they were unaware of the information given in the statement of fact and that this was completed by their broker. But whilst I'm sympathetic to I, I can't ask RSA to pay out a claim beyond the risk it's agreed to take on. So, the losses I is claiming for need to relate to I specifically.

In terms of business interruption, RSA has said that the only income generated by I itself is a monthly management fee plus rental income. RSA say the pub management agreement shows the management fee to be a flat rate with no provision for VAT, so it hasn't paid this. RSA has offset any savings made by I during the period of closure which have been

calculated by their agents independently. As such RSA have worked out the net figure payable to I at around £56,700.

I says this doesn't take into account the entire figure it's claimed in respect of income. RSA acknowledge that I appears to receive more in terms of income than is recorded in I's management agreement, but RSA says it's unclear what this relates to. I's accountant provided some explanation that compensation on profits was paid to I and increased each year but there's no evidence to support why this was or indeed anything that supports the account given of this amount. I think it's reasonable for RSA to ask for evidence of this additional income in order to decide whether the claim falls within its policy terms. Without it, I can't say RSA have done anything wrong by turning down that claim.

I is unhappy that RSA haven't paid a loss of rental income for the 1st floor function room and the flat above the business premises. From what I've seen, that's because the insurance was taken out on the basis that the premises was solely occupied, but that doesn't appear to be the case. As such these two areas seem to fall out of the business' occupancy so I don't think RSA were wrong to turn down these claims.

Since bringing this complaint I has supplied RSA with further information to support the claim. Although RSA has supplied some comment on that information, it's not something I can consider because it didn't form part of the original complaint that was addressed by the investigator and in any event RSA haven't provided a final response letter in respect of that information. If I remains unhappy, it will need to address this with RSA directly and if it wants to, raise a fresh complaint. As matters stand however, I may well be able to resolve things with RSA if it's able to supply credible evidence to substantiate the claims its making here.

Contents claim

RSA offered I roughly £19,000 in respect of their claim but I says this doesn't cover everything. As I understand it the reason for this was because I hadn't supplied RSA with proof of ownership of the additional items claimed for. So, whilst I supplied further invoices, it didn't provide evidence to support the fact that it owned them.

I says it has supplied further information to RSA since it brought this complaint to us to determine to help support its contents claim. From what RSA has said, I has supplied an invoice for refurbishing the flat that's above the business premises but there are no details of the work done and no evidence that supports the flat belongs to I at all and therefore forms part of the insured risk. RSA have asked for further information to help determine this issue.

I has explained that the flat was used by the Director of I which fits within I's sole occupancy of the building. I has also said that invoices were provided to RSA in respect of the contents claimed for but the original paperwork was stored in the basement of the premises which was destroyed in the flood. I says it offered to give RSA's loss adjuster the boxes of those papers to see if they could be considered but this offer was declined. They say that in the absence of original paperwork, their accountant can provide a letter confirming the original value of the items claimed for and everything I owned in the building.

In response RSA have asked several questions about the occupancy of the flat such as details of the work done and an explanation of how the items claimed for belong to I if the Director was residing there. They say this is more suggestive of the Director's private contents being claimed for. RSA has also asked for evidence to prove that the invoice I has presented in respect of this claim relates the renewal of damaged items. They've also asked why the information I has given about the Director's occupancy and claim for items has never been presented before.

In response to I's reference to lost paperwork, RSA says it doesn't have a record of being offered to consider this, but ultimately it's up to I to substantiate the claim it's making. As such it can't consider the claim without evidence to support it.

Overall, I think the questions asked and comments RSA has made are fair. So unless I is able to provide a credible explanation as well as supporting evidence, I wouldn't expect RSA to do anything further. As such I don't consider the position RSA has taken in respect of the contents claim to be unreasonable.

In response to the investigator's view, I has now supplied some further information from its accountant as well as an explanation around some of the questions raised by RSA. It will need to direct that to RSA to consider. I can't comment on it because RSA hasn't had the opportunity to consider this or its position on things. And claims handling is not a service we offer. If I remains unhappy with RSA's position, it can raise that with it directly or bring a further complaint to the Financial Ombudsman Service.

My final decision

For the reasons set out above, I don't uphold I's complaint against Royal & Sun Alliance Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask I to accept or reject my decision before 15 November 2023.

Lale Hussein-Venn
Ombudsman