

## **The complaint**

Mr and Mrs H complain about Red Sands Insurance Company (Europe) Limited (RSI) who declined their claim under their home insurance policy.

## **What happened**

Mr and Mrs H were victims of a multi-person burglary of their outbuilding, in which around £18,000 worth of items were stolen. They made a claim to RSI, under their home insurance policy.

RSI appointed a loss adjuster to assess the loss, but, as Mr and Mrs H hadn't specified any of the stolen property, RSI declined the claim. The reason for the decline was that RSI said that the policy clearly defined that an item that can be taken from the home and was a personal possession, had to be specified on the policy. And as the stolen items hadn't been specified, RSI said that it was reasonable for it to decline the claim.

RSI also said that throughout Mr and Mrs H's customer journey, they were given opportunities to update their cover, which they didn't do. As Mr and Mrs H were given their referral rights, they referred a complaint to our service.

One of our investigators considered the complaint and thought it should be upheld. She said that having reviewed the policy terms and conditions, she felt that they were ambiguous. She believed that RSI weren't responsible for all the incurred losses, but were responsible to cover the losses, up to the policy limit of £5,000. She also said that RSI weren't responsible for any losses caused to the other outbuilding that Mr and Mrs H, didn't cover.

Mr and Mrs H accepted the view. RSI did not. It said that it didn't think that the terms were ambiguous, and it asked for a decision from 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.

I considered the complaint, and I thought the complaint shouldn't be upheld. I issued a provisional decision on 6 June 2023 and asked both parties to send me anything else by 4 July 2023. In my provisional decision I said:

*I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of the complaint.*

*Having done so, I'm minded not to uphold this complaint. I understand that this is likely to be a disappointment to Mr and Mrs H, but I hope my provisional findings explain why I think this is fair.*

*I have considered all the comments from both parties, as well as the policy terms and conditions. I think the main issue of this complaint is whether RSI was fair to decline the claim. And whether the policy terms were ambiguous.*

*I have reviewed the policy terms and conditions, especially the schedule and policy wording. On page six of the document, the term states: 'The contents of the house and garage that remain in the house that you own or are legally responsible for and the contents of the outbuilding (up to a maximum of £5,000 contents replacement)'. The term then goes on to explain what perils are covered and what the obligations are for each party.*

*Under the theft peril, the obligation for Mr and Mrs H is that they would be responsible for the first £400 of any claim that RSI accepts. And anything over £1,500 for any single item plus any damage. I think it's clear that the obligations for any damage or loss due to theft, where any single item is more than £1,500 and for the first £400, lies with Mr and Mrs H. So, it seems in very limited circumstances that RSI would be responsible for the replacement of items that have been stolen.*

*But, having reviewed the terms further, the policy provides the following:*

*'Unspecified Personal Possessions: Your items that You can or do take outside the house....which includes any bikes, laptop computers, tablet devices, games consoles, phones, handbags, jewellery, watches, sports equipment and musical instruments that You own or are legally responsible for. We pay for: Nil; You pay for: All costs and expenses as cover not selected.'*

*I've thought about what this means. And I think that RSI have specified that unspecified personal possessions (which include musical instruments and sports equipment) will not be covered. Cover will only be applicable where it is selected, as part of the policy. So, the obligations under the policy for Mr and Mrs H would be that they are responsible for all costs and expenses.*

*I have also reviewed Mr and Mrs H's customer journey to see if there was any ambiguity at the point of sale. Based on what I've read, I don't think there was, and I'll explain why.*

*Mr and Mrs H were specifically asked if there were items that leave their home and were worth more than £400. There was a drop-down menu that then allowed them to include all the items that they wanted to have covered. Mr and Mrs H chose not to select this cover.*

*In addition, there were three more questions that Mr and Mrs H were asked on the price comparison website prior to being directed to the RSI website. Each of those questions asked if they wished for additional cover to insure various personal belongings, such as bikes, laptops, any belongings worth over £1,000 and any personal belongings away from the home. I can't see that Mr and Mrs H selected cover for these either.*

*RSI said that had they selected the additional cover, an additional premium would be charged. But it wasn't, as the cover wasn't selected. Consequently, I think that Mr and Mrs H had been given at least two opportunities, during their customer journey, to select the additional cover, which they chose not to do.*

*Further, I note that once the policy documents had been received, there was another opportunity to select the additional cover (if they chose to). The documents clearly advise the policyholder to read and to ensure that the cover was suitable for their needs. If the cover wasn't suitable for their needs, they had the opportunity to make changes to the cover on the online customer portal. I can't see that Mr and Mrs H did this.*

*Taking everything into account, whilst I understand how disappointed Mr and Mrs H will be, currently, I don't think that the policy document or the customer journey questions were ambiguous. I can't see that Mr and Mrs H selected the additional cover, that was required by them. Consequently, I think RSI were fair to decline the claim. Accordingly, I won't be able to reasonably ask RSI to do anything more to resolve this complaint.*

Responses to my provisional decision

RSI accepted the provisional decision.

Mr and Mrs H made a number of detailed comments. Essentially, they did not agree with my provisional decision. I have carefully considered all of the comments that Mr and Mrs H have made. But, as an informal dispute resolution service, it isn't necessary for us to address each, and every point raised. I hope that Mr and Mrs H don't take exception to this. I have outlined a summary of the comments they have made.

Mr and Mrs H said in their comments:

*'The customer journey clearly was ambiguous to me, given the high value of items I believed to be insured in my outbuilding, and I had no reason to ever believe that the RSI Contents policy was unsuitable for my needs as explained in great detail above. It is a simple argument that requiring Personal Possessions additional cover for any items that can be removed from the house suggests that the standard contents policy offered by RSI has absolutely no value and therefore is delivering no cover for a fee requested. This could be argued in a court of law as misdirection and potentially fraud since it is obtaining money by deceiving customers that they are providing a service to which they have no intention to uphold as per their own policy wording.*

*In summary, I believe taking a home contents policy should provide me with insurance cover for theft and fire for my contents whilst at home. RSI have not provided this cover claiming intricate reasoning that does not stand the test of common sense or substantiate itself in the adequate provision of consumer financial services and as such I will escalate as necessary against the Ombudsman findings given the lack of consumer protection poorly upheld in this case.'*

Given the further comments I have reviewed the policy terms and conditions, which are the contract between Mr and Mrs H and RSI. The terms outline the obligations for both parties. It also gives definitions which start at page 12 of the policy schedule and policy wording document. Under the section entitled: *'Meaning of words and terms'* it gives the definition of what the policy defines as a *'home'*:

*'The private residence, normally occupied by you and insured person(s) as a principle or holiday home, located in the territorial limit at the following address'.*

I have considered what this means. And I think that the relevant words in this definition are *'private residence'*. Mr and Mrs H explained that it was their outbuilding that had been burgled and the items stolen, from that outbuilding. The definition of home makes it clear that it relates to a private residence. An outbuilding is not a private residence.

The term goes on to state: *'normally occupied'*. Again, I don't think that an outbuilding is a place that is normally occupied, as a private residence.

I say that, as this is important as Mr and Mrs H's comments appear not to have addressed this important definition and indeed the reason why RSI declined their claim. The items were not kept in the home, they had been kept in the outbuilding. Consequently, those items were items that could be or had been removed from the home.

I've next considered Mr and Mrs H's comments regarding the cover of unspecified possessions. Mr and Mrs H said:

*'No single item was specified since no single item stolen had a value over £1500 as required by RSI in the process of choosing cover, and therefore the Ombudsman statement above is not relevant and technically incorrect since RSI WOULD be responsible for the replacement of items that have been stolen for items below £1500 each and for a total beyond the excess of £400. As such this argument should be discounted and withdrawn'*

I explained in the provisional decision that there was another term within the policy that states:

*'Unspecified Personal Possessions: Your items that You can or do take outside the house....which includes any bikes, laptop computers, tablet devices, games consoles, phones, handbags, jewellery, watches, sports equipment and musical instruments that You own or are legally responsible for.*

*We pay for: Nil;*

*You pay for: All costs and expenses as cover not selected'*

Mr and Mrs H didn't select additional cover. Which they accept. The term states that as cover was not selected by them for the items that had been stolen, then RSI would not be responsible for cover. It clearly states that Mr and Mrs H would be liable for all costs and expenses as the cover was not selected for certain items. Those items (such as the musical instruments or sports equipment) were ones that had been stolen.

So, to reiterate, I think that RSI has outlined those unspecified personal possessions (which include musical instruments and sports equipment) will not be covered. Cover will only be applicable where it is selected, as part of the policy. So, the obligations under the policy for Mr and Mrs H would be that they are responsible for all costs and expenses for those items that had been stolen.

I acknowledge Mr and Mrs H's strength of feeling about this complaint and the reason why they referred it to our service. And I understand that they will be disappointed with the final decision. But, in the overall circumstances of this complaint, I can't agree that RSI were unfair or unreasonable to decline their claim. I'm therefore not going to tell it to do anything further here.

### **My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 28 August 2023.

Ayisha Savage  
**Ombudsman**