

The complaint

Ms D and Mr M complain that Royal & Sun Alliance Insurance Plc (RSA) has unfairly declined a claim they made under the home emergency part of their Breakdown Protection Plan.

What happened

Ms D and Mr M's Breakdown Protection Plan provides insurance cover for a number of eventualities, including home emergency. In August 2019, they submitted a claim to RSA under the home emergency part of their policy as they had discovered woodworm at their home. RSA declined the claim as it didn't believe woodworm was covered under the applicable terms.

Ms D and Mr M complained as the policy provided cover for vermin, and so they had an expectation the claim would be covered. RSA stood by its decision as it was satisfied the claim had been declined fairly. However, it did offer £75 compensation for the delay in sending a copy of the policy schedule and booklet.

Our investigator was satisfied that RSA had handled the claim fairly – she agreed cover wasn't provided for woodworm. She also found the offer of £75 fair for the delay in sending out policy documentation.

Ms D and Mr M have asked for the matter to be referred to an ombudsman. In summary, they don't accept that the wording of the policy excluded cover and they continue to believe it as a reasonable expectation of cover.

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 understand Ms D and Mr M feel strongly about this matter and believe they had a reasonable expectation of cover. So I have considered whether RSA has considered their claim fairly and reasonably.

Most insurance policies only cover the events that the insurer wishes to be on risk for. So for many policies, there will be events that aren't covered at all, and other events which are covered but might be subject to exclusions and/or limitations.

The starting point is the agreement between Ms D and Mr M and RSA – the policy terms and conditions, including the schedule. They set out what the policy provides cover for, and what limitations and/or exclusions apply. And it is those that I've considered when deciding whether RSA has dealt with the claim fairly.

On page 17, the policy sets out:

Emergency incidents that will be covered by this policy:

- Vermin such as rats, mice, or wasps nests which immediately expose the insured to a risk to their health or create a risk of loss or damage to the main residence.

As 'emergency' and 'incidents' appear in bold, they receive the policy definition. Emergency is defined as:

The result of an incident at **your main residence** which immediately:

- Exposes **you** to a risk to **your** health or;
- Creates a risk of loss of, or damage to, **your main residence** or
- Renders the **property** inhabitable

Incident is defined as:

The sudden and unexpected **event** causing damage to the **property**, or likely to cause damage to the property in the immediate future. This definition shall include damage to, or breakdown of the **essential services** to the **main residence** and/or permanent and irreplaceable loss of all keys required to gain access to the **main residence** but not outbuildings.

I accept Ms D and Mr M might have held a belief they were covered for the woodworm they discovered at their home. But I'm not persuaded their claim is covered under the terms of the policy.

Vermin isn't a defined term within the policy. That means it gets its everyday ordinary meaning, in the context of the insurance being provided – i.e. a class of creatures that can cause harm to a person's health or damage to the property, as provided for in the clause. This context can be drawn from the creatures listed – mice, rats and wasps nests. These are all creatures that can and do cause harm to humans – either through carrying disease, causing allergic reactions, or causing damage to property, say by chewing through electric cabling which could cause a fire. These are by no means the only creatures that could cause this type of harm or damage, hence the use of 'such as'; and I don't think it would be practical to list all of the creatures this could possibly apply to. But the use of 'such as' doesn't necessarily mean all creatures, or even all vermin, are covered.

I say this because it isn't enough for there to be vermin present for a valid claim to exist. The remaining policy terms need to be met in relation to that 'vermin'. As can be seen from the above definitions, there needs to be an *immediate* risk of harm to health, or damage to property, or for it to be rendered uninhabitable. And it needs to be a *sudden* and *unexpected* event.

Whilst I accept discovering woodworm might be unexpected, I'm not persuaded it is sudden. Woodworm takes months, if not years, to cause damage. And I haven't seen any persuasive evidence that Ms D or Mr M were at an immediate risk to their health, damage to property or the property was rendered uninhabitable. So whilst I accept woodworm could be considered vermin, I'm not persuaded the claim meets the requirements of an emergency incident as defined by the policy terms for cover to be provided. It follows that I don't find RSA declined the claim unfairly or unreasonably.

I note RSA offered Ms D and Mr M £75 for the delay in sending out policy information. I find this a fair reflection of the inconvenience caused by the delay.

My final decision

For the reasons given, my final decision is that Royal & Sun Alliance Insurance Plc has already fairly settled this complaint. I require it to pay Ms D and Mr M £75 if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D and Mr M to accept or reject my decision before 27 April 2021.

Claire Hopkins
Ombudsman