

The complaint

A company, which I'll refer to as M, complains that BQI Group Limited (BQI) mis-sold a commercial insurance policy.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

M took out a motor fleet insurance policy through its broker, BQI. In July 2021 it made a mid-term adjustment to the policy by removing an existing vehicle and adding a new vehicle onto the cover. The policy then renewed in February 2022. The policy was sold on an advised basis and information was sent to M to review by email both when the policy was amended and renewed.

In March 2022, the new vehicle which was added onto the policy, and M believed to be insured on the policy, was stolen. M made a claim for the stolen vehicle, but the insurer said the vehicle wasn't covered. M's policy contained a policy endorsement which said that it was a condition that all vehicles must be registered, owned, leased or hired to the insured. In this case the policyholder was M but the vehicle in question was not owned by M. The insurer therefore concluded that M breached the policy endorsement and declined M's claim.

M said it was mis-led by BQI and advised incorrectly. It said its requirement was for the insurance policy to cover both commercial and domestic vehicles used by employees. It routinely informed BQI when vehicle details changed, including when vehicles were purchased or sold. M said the policy sold by BQI was not fit for purpose, and so BQI should cover the financial loss it suffered as a result of the non-payment of the claim. It also wants BQI to cover the cost of the insurance policy.

BQI said it wasn't aware that the vehicle wasn't in the policyholder's name. BQI referred to the insurance certificate, schedule and policy wording, and said they all clearly stated that the vehicle must be owned, leased or hired by the policyholder.

Our investigator considered M's complaint but didn't uphold it. He thought that BQI did enough to make M aware that the vehicles on the policy needed to be owned by the policyholder. He didn't think BQI mis-sold the policy.

M didn't agree with our investigator and so the case 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'm not upholding M's complaint. I know this will be very disappointing for M but I'll explain why.

Both parties have provided detailed submissions to support their position. I want to assure

them I've read and carefully considered everything they've said, but I won't comment on everything.

I'm considering this complaint against BQI, the client facing broker during the sale and renewal of the policy. So, I am only considering BQI's actions in relation to the matter and any loss caused as a result their action. That means I'll consider if they met their obligations as a broker. But I won't consider whether or not the policy endorsement for ownership of vehicles has been applied correctly because that responsibility lies with the insurer. Any concerns about the applicability of the endorsement, would need to be raised separately with the insurer directly.

The policy was amended and renewed on an advised basis. This means, under the Financial Conduct Authority's (FCA) Insurance Conduct of Business regulations (ICOBS), BQI had a responsibility to ensure the suitability of their advice. They also had a general duty to provide appropriate information that is clear, fair and not misleading to enable M to make an informed decision about the policy.

When considering the issue of suitability, I have thought about the extent of cover needed when thinking about a policyholder's needs and circumstances. M says it needed the policy for both commercial vehicles and domestic vehicles used by employees. M also argues that BQI were aware that the vehicle in question was a domestic vehicle which wasn't in the name of the policyholder.

The vehicle was added onto the policy mid-term - M sent an email to BQI requesting the change. BQI amended the policy and sent M a copy of the updated risk register.

BQI has also provided a copy of the summary of renewal proposal which contains a Demands and Needs statement. In this document, M's main requirements for a motor fleet policy were stated as follows:

- It is a competitive premium
- It provides suitable covers that meet your needs
- This company specialises in this type of insurance

It's clear a conversation took place between M and BQI to identify its requirements. M says it told BQI its needs, but this isn't recorded in these requirements. In situations like this, where the evidence is incomplete or contradictory, I'll make my decision on the balance of probabilities. That is, what do I think is more likely than not, given the evidence which is available and the wider circumstances. On balance, I don't think M did tell BQI of its need for vehicles not owned by M to be included in the cover. This is supported by the answer to the question below.

The risk register contained a copy of the motor fleet statement of fact which asked the following question about vehicle ownership – are all vehicles owned, hired or leased in the business name and this was answered 'yes'. It also goes on to list the policy endorsements including the one for ownership of vehicles that the insurer has relied upon. I think that including this in the documents was enough to make M aware of this term and met the requirement to provide appropriate information.

The material statement of fact also contains a warning which states the following:

"Disclosure of all material facts must be made prior to inception, during the terms of the Policy & then at renewal. A material fact is one which may influence an

underwriter's judgement in their assessment of the risk. Failure to disclose may result in a claim being turned down or the Policy being treated as void from inception..."

Based on the above evidence, on a balance of probability, I think it's more likely than not that BQI wasn't aware of M's need to cover vehicles which were not in the policyholder's name. The evidence also suggests to me that BQI reasonably made M aware of the need for the vehicle to be in the policyholder's name, as well as the policy endorsement that applied to its insurance policy. It was then up to M to satisfy itself as a policyholder that it complied with this requirement in order to make a successful claim on the policy. So, I don't think BQI are at fault because M didn't do this.

For the reason explained above, I think BQI did what I'd expect them to do. BQI was only able to provide advice based on the information M provided. And I am not persuaded that M made BQI aware of the need for the policy to cover vehicle outside of its ownership. As things stood, the email sent with the mid-term amendment and renewal letter included documents which made clear that M needed to ensure it read and understood the documents, which contained the policy endorsement and M took out the policy on that basis.

Overall, I'm not persuaded that BQI mis-sold this policy to M or that they mis-led M about the extent of cover.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 18 January 2024.

Ankita Patel
Ombudsman