

The complaint

The estate of Mr B, represented by Mrs S, complains about Saga Services Limited ("Saga") and the information provided at the point of policy renewal, which it feels led to an insurance claim being declined.

As Mrs S has represented the estate of Mr B during the claim and complaint process, any reference I make to Mrs S will be in place of the estate.

What happened

In October 2021, Mr B sadly passed away. And Mrs S was appointed to act as a representative of his estate. This included ensuring his property remained insured while it was vacant.

Mrs S arranged a renewal of the relevant home insurance in January 2022, and again in January 2023, through Saga, who were acting as the broker. It's important to note Saga didn't underwrite the policies they sold. The most recent home insurance policy was inceptioned in early January 2023. And unfortunately, a few weeks later, Mrs S discovered a pipe in the property's loft had burst, causing extensive water damage to the property. And when Mrs S attempted to make a claim on the insurance policy sold by Saga, she discovered an endorsement had been applied to the policy excluding any claim for water damage. Mrs S was unhappy about this, so she raised a complaint with Saga.

Mrs S didn't think Saga had made the endorsement reasonably clear to her when she renewed the policy. She thought the wording of the letters she received suggested the endorsements would be the same as the previous year and so, this is what she assumed. And she thought Saga should've made this change clear to her when she called them to discuss the renewal, before she paid the renewal premium. So, she thought Saga should reimburse her the costs she incurred herself to cover the repair work needed to the property and reinstate the policy the estate held in 2022, to cover it moving forwards.

Saga responded to the complaint and upheld it in part. They thought the renewal letters sent to Mrs S made it reasonably clear what endorsements were applied to the policy. But they did accept the endorsement included in January 2023 wasn't included in the policy she had in January 2022. So, they offered to pay Mrs S £50 to recognise this, which Mrs S rejected. Saga have since confirmed the endorsement applied to the January 2023 policy was never intended to be included in the January 2022 policy and so, they felt they'd made a mistake when offering £50 in their initial final response. Mrs S remained unhappy, so she referred her complaint to us.

Our investigator looked into the complaint and didn't uphold it. They thought the renewal documentation made it reasonably clear that Mrs S had a responsibility to check the endorsements on the policy. And they were satisfied when Mrs S paid for the most recent policy, she confirmed to the advisor on the telephone that she'd read through the information and understood it. So, they didn't think Saga had failed to provide Mrs S with the correct information and they didn't think Saga needed to do anything more than they'd already offered.

Mrs S didn't agree. She maintained her belief that, in a situation such as hers, the responsibility should've been on Saga to ensure she understood there was a change in the level of cover on the policy. And she thought the implication of the endorsement essentially rendered the buildings aspect of the insurance irrelevant. She also thought the call she made to Saga discussed the content insurance, not the building insurance, so she didn't think this was relevant. Because of this, and the fact Saga had already offered her £50, she felt it was accepted that Saga had acted unfairly and so, she wanted what she felt was adequate financial compensation. As Mrs S didn't agree, the complaint has been passed to me for a decision.

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 the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

First, I want to recognise the impact this complaint has had on the estate of Mr B, and so, the impact on it's representative Mrs S. I don't doubt Mrs S intended to purchase a policy that covered the property in the event of a water leak. And I don't dispute Mrs S assumed this is the cover she held following the renewal of the policy in January 2023. So, when Mrs S attempted to claim on the policy with the insurer directly, as she was informed she didn't hold this cover due to an applicable endorsement, I can understand why she'd consider the information given to her by Saga in their role as the broker and feel as though they acted unfairly. And, as she incurred a financial loss, I can understand why she feels Saga should be responsible for this.

But for me to say Saga should do something more than they have already, for example reimburse the cost of the repair work needed to the property, I first need to be satisfied Saga did something wrong. So, I'd need to be satisfied they failed to make the endorsements applicable on the policy reasonably clear to Mrs S. Or, if I think they did, that they acted unfairly in some other way. And in this situation, I don't think that's the case.

Before I explain why I've reached this decision, I think it would be useful for me to explain what I've been able to consider, and how. I note Mrs S has raised concerns about the way Saga handled the complaint. But complaint handling is an unregulated activity and so, I'm unable to comment on the service Saga provided during this process any further. I also want to make it clear that it is the estate of Mr B that is the customer of Saga, and not Mrs S. So, while I don't doubt Mrs S is likely to have been inconvenienced during the claim process, our service is only able to consider the impact any service has had on the estate of Mr B directly. And should I deem compensation to be appropriate, this would be payable to the estate of Mr B, and not Mrs S.

I also think it's important to set out Saga's role in the administration of the policy Mrs S purchased. Saga acted as a broker for the policy and so, their responsibility lies solely with the policy renewal and the way it was sold. Crucially, the policy itself was underwritten by a separate insurer. And because of this, it is the insurer that is ultimately responsible for the rejection of the claim itself. This also means that Saga would be unable to reinstate the previous policy Mrs S took out in January 2022, as ultimately it is the insurer who decides the risk they are willing to take on. So, my decision focuses solely on Saga's actions as a broker for the policy.

I've seen that on 19 December 2022, Saga sent a renewal letter to the estate of Mr B and so, Mrs S received this as part of her role as a representative of the estate. I've seen this letter states on the first page, within the bold section, that *"there aren't any significant changes to your cover"*. And Mrs S has explained clearly why she thinks this statement led her to assume the endorsements on the policy would be the same as those found in the January 2022 policy, which covered claims for water leaks.

But crucially, within this section, it also states *"Please check the endorsements section in your Statement of Insurance for any special conditions on your policy"* before going onto explain that the building and contents cover would be administered by a different company, on behalf of a different insurer, than those that provided the January 2022 policy.

So, even though that section did say there weren't any significant changes, I do think it was made reasonably clear that there was an expectation on Mrs S to ensure she understood the applicable endorsements. And I think this would've been made even more important, considering the underwriter of the policy had changed from the previous year.

I can see within the Statement of Insurance that Saga referred to, sent within the renewal letter I've referred to above, it included a *"Vacant property"* endorsement that states *"We will only cover damage caused by fire or smoke not arising from a gradually operating cause, explosion, lightning or earthquake, impact by aircraft or other aerial devices or anything dropped from them and liability to the public only"*. Crucially, I think this makes it reasonably clear that water damage wouldn't be covered. And, as I think Saga made it reasonably clear there was an onus on Mrs S to check the endorsements, I would've expected Mrs S to notice this and question the level of cover, should she be unhappy with it. And I can't see Mrs S did this.

Instead, I've listened to a call Mrs S held with Saga, where she discussed removing the content insurance part of the policy. And, while I do agree the conversation centred around the content insurance aspect of the policy, I must consider the fact the endorsement applied to both the building and content insurance aspects. And I'm satisfied on this call, Saga clarified whether Mrs S understood the extent of the cover, before she agreed to the renewal and paid the premium. I don't think Saga were unfair to assume Mrs S had read all the documents they had sent before she said this and so, I wouldn't expect Saga to re-affirm all the information included within the renewal documents.

And further to this, as Mrs S requested a quote for a premium without content insurance before deciding against taking this, I can see Saga sent Mrs S two further letters including the Statement of Insurance that included the *"Vacant property"* endorsement on 29 December 2022. One letter was an amended renewal invitation with the content insurance removed. The second was a renewal acceptance letter, confirming the premium Mrs S paid.

And in this letter, in bold, it stated *"There are some endorsements you'll need to check – they're listed in your Statement of Insurance"*. Again, at this point I would've expected Mrs S to check the documents as per Saga's request, to ensure the cover was as she expected. And I think it's reasonable for me to assume that, had Mrs S done so, she would've noted the endorsement and, if she was unhappy with the extent of cover, she could've queried and changed this through Saga directly, before the leak was discovered in the property.

So, while I understand Mrs S's viewpoint that Saga could've made her aware of the endorsement change verbally when she spoke to them, and that some of the wording in the initial renewal invite may have been slightly misleading, I don't think this takes away from the fact that in three separate sets of documentation, Saga directly pointed Mrs S to the endorsements on the policy and asked that she ensure she understood them, and the implications they may have.

Because of this, I don't think I can say Saga have acted unfairly or unreasonably during the renewal process and the information they supplied and so, I don't think they need to do anything more on this occasion.

I understand this isn't the outcome Mrs S was hoping for. And I recognise why Mrs S may feel this contradicts Saga's own complaint response, where they offered to pay Mrs S £50. But from the evidence I've seen, and the information supplied to me, this £50 was paid to recognise Saga's initial belief that the "Vacant property" endorsement should've been included on the policy taken out in January 2022 as well. But even if this was the case, which Saga now say is incorrect, as this exclusion wasn't applied this means the property was insured under a policy that would cover damage caused by a water leak for a year when potentially it shouldn't have. So, I don't think there is any impact to the estate of Mr B that should be compensated for. That being said, as Saga offered to pay £50, I'd expect this offer to be honoured should Mrs S choose to accept it.

My final decision

For the reasons outlined above, I don't uphold the estate of Mr B's complaint about Saga Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr B to accept or reject my decision before 14 September 2023.

Josh Haskey
Ombudsman