

## **The complaint**

T, a limited company, complains that its commercial combined insurance policy was voided as a result of Arthur J. Gallagher Insurance Brokers Limited's (AJG) error.

T is being represented in this complaint by its director.

## **What happened**

T held a commercial combined insurance policy. When the policy was due for renewal, the insurer was no longer able to provide cover.

AJG, acting as T's broker, recommended and placed T's policy with another insurer from renewal in November 2022.

In March 2023 the new insurer avoided the policy (treated it as if it never existed) back to inception in November 2022 and said the premiums would be returned to T. This is because the new insurer said it wasn't made aware of a conviction T's director had when the policy was taken out, and if they had been aware, they wouldn't have been able to offer cover.

T complained to AJG. T said that AJG was already aware of the conviction, so should have told the insurer when arranging the policy.

AJG accepted it was their error as they were aware of the conviction and failed to pass this information on to the insurer when arranging the policy. So, they agreed the avoidance by the insurer was because of their error. AJG apologised for what happened but was unable to source alternative cover with insurers on its panel. They offered T £200 compensation.

T remained unhappy and says that AJG caused it financial losses, so it approached this service.

One of our investigators looked into things but he didn't recommend AJG do anything further. He thought the compensation was sufficient for the inconvenience to T itself, and he explained that he couldn't compensate T's director or employees individually for any distress or inconvenience caused to them personally. The investigator also said T hadn't substantiated the alleged financial losses, so he didn't recommend AJG pay anything for this.

T didn't agree with our investigator, so the case was passed to me for a final 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've reached the same outcome as our investigator.

Firstly, as explained by our investigator, I should reiterate that the eligible complaint here is T, a limited company. T was the customer of AJG, and it was T's policy which was avoided as a result of AJG's error. So, when considering and awarding compensation, I can only consider the impact and inconvenience to T as a limited company. I can't consider or award compensation for any personal distress or inconvenience caused to T's director or employees individually.

I don't need to decide here whether what happened was a result of AJG's error or not. AJG already accepts that it was. AJG recognises they were already aware of T's director's conviction, and they failed to make the new insurer aware of this, which then resulted in the later avoidance of T's policy by the insurer.

When the policy was avoided, AJG were also unable to source another policy from their panel of insurers. Whilst I understand this resulted in T then having to find a policy elsewhere, AJG isn't responsible for deciding what policies the insurers on their panel are or aren't willing to offer. So, I can't hold AJG responsible for being unable to source an alternative policy for T with their panel of insurers as that is outside their control.

As a result of needing to find alternative cover elsewhere, T says that it has suffered financial losses in the region of several thousands of pounds. This is because T says that due to not having an insurance policy in place, it was unable to continue working until it found an alternative. And T says it still needed to pay subcontractors as they were also unable to work as a result. However, despite asking for evidence to substantiate any financial losses T incurred, T hasn't provided anything to support these alleged losses. In the absence of any evidence in support of the actual losses incurred by T, I won't be directing AJG to pay the amount T has asked for.

I do accept T's director needed to take unexpected time away from usual business activities to source an alternative policy. But as mentioned above, I can't consider the distress or inconvenience to T's director personally. Instead, I can consider the inconvenience to T, that its director needed to take time away from usual activities to find another policy. AJG has offered £200 compensation for what happened, and I think that's fair and reasonable in the circumstances, so I won't be directing AJG to increase this.

T has also raised concerns about what could have happened for the period it was uninsured. Fortunately, no claims or losses did occur during this period. And I can't compensate T for what could have, but didn't, happen. But in any event, AJG has confirmed that if something had, then they would have considered things further in place of the insurer as it was their error. I think AJG's position here is reasonable. AJG also confirmed to T that the previous insurer was aware of the conviction, so T did have cover during those previous policy years.

I also understand that T said it hasn't received the refund from the insurer that avoided the policy. However, this complaint is about AJG, and they aren't the insurer or responsible for returning the premiums. So, if T still hasn't received this, as advised by our investigator, T would need to contact the insurer directly about this.

### **My final decision**

Arthur J. Gallagher Insurance Brokers Limited has already made an offer to pay £200 compensation to settle the complaint and I think this offer is fair in all the circumstances.

So, my final decision is that Arthur J. Gallagher Insurance Brokers Limited should pay the £200 compensation offered, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or

reject my decision before 2 February 2024.

Callum Milne  
**Ombudsman**