

The complaint

Two companies, that I will refer to as P and L, complain about the service they were provided by Hugh J. Boswell Limited in relation to the sale of a commercial motor insurance policy.

Mr C, as a director of these companies, brings the complaint on their behalf.

What happened

The following is intended only as a brief summary of the key events. P and L have a commercial motor insurance policy taken out via Hugh J. Boswell Limited (HJB) as their broker. In 2022, P and L also contacted another broker, who was able to provide a cheaper quote, even though the insurer was the same.

P and L complained about this, saying HJB had not been acting in their best interests and should have been able to provide cheaper quotes at this point and in earlier renewals. P and L were also unhappy with information they were given in 2022 and that the insurer had rescinded the quote provided through the other broker.

HJB said that the quote via the other broker was on different terms, which may have led to the different prices. But said that its role was to identify suitable insurance at a competitive price, rather than to identify the cheapest available policy. HJB did apologise that it had provided incorrect information at the time this issue was first raised, which had indicated the product was non-transferrable. But said that it was not responsible for the insurer's decision to rescind the other quote.

P and L remained unsatisfied and brought their complaint to the Financial Ombudsman Service. Our Investigator did not recommend the complaint be upheld though. She felt that there were differences between the two quotes and that the fact a cheaper quote had been provided via the other broker was not persuasive evidence that HJB had done something wrong. She also said that she had not been provided with any evidence that quotes obtained in previous years were inappropriate. Our Investigator also did not think HJB were at fault for the policy not being transferred and the other quote being rescinded.

P and L responded saying, in part, that the two brokers were owned by the same company, that HJB may have applied undue pressure on the insurer to rescind the quote, and that the policy could have been transferred to a different broker.

As this complaint could not be resolved, it 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 am not upholding this complaint. I'll explain why.

P and L have raised a number of complaint points. I have considered all of these, but I

intend to focus this decision on what I consider the key issues to be.

The first thing I need to clarify is the various responsibilities of a broker and an insurer. It is the insurer that will agree to provide cover and it is the insurer that will set the price of that cover. The broker's role, in an advised sale, is to gather the relevant information from the prospective policyholder, identify a suitable policy at a competitive price, and recommend that policy to the customer.

Whilst a broker may have some ability to negotiate a lower premium price with an insurer, or to make other adjustments to its own charges, largely speaking how much an insurance policy costs is down to the insurer. That price is essentially calculated by considering the risks posed by the prospective policyholder. This can be a complicated task, but certain factors including the amounts and activities being covered are likely to play a key role.

P and L's complaint is effectively based on the fact that a different broker was able to provide a quote for a cheaper policy through the same insurer.

However, there do seem to be some significant differences with the cover being offered by the two quotes. We don't have the full policy wording for the second quote, but the offer does show that different amounts have been included as the insured sums for different elements. I do note that in some cases, the second quote actually provides a higher sum. But overall, it is clear that the quote through HJB seems to provide greater cover. In the case of certain risks, the second quote seemingly doesn't provide any cover at all.

I also note that, whilst a second address is listed on the second quote, it isn't clear that the insurer was providing this quote to two separate companies – rather than one company with two premises. This in itself can be quite a significant factor for insurers – as is demonstrated by the fact a number of other insurers HJB had contacted in previous years declined to offer cover on the basis it was for two separate companies. P and L have indicated that the second broker was aware that two companies were involved, but this isn't made clear on the quotation documents.

Regardless, as I say, it is for the insurer to set the price of the insurance. So, in considering HJB's actions all I can reasonably take into account in this aspect is whether the policy it recommended was suitable for P and L's needs and was competitively priced. There is no suggestion that the policy was unsuitable. And whilst other cover may have been available at a cheaper price, this does not mean the quote obtained was uncompetitive. HJB has provided evidence that other potential insurers have been contacted over the years, who have not been able to meet the premium being offered. So, I do not uphold P and L's complaint about this aspect.

P and L have indicated that HJB may have applied pressure on the insurer to rescind the second quote. I note P and L's concerns, but I have not seen anything that leads me to believe HJB communicated inappropriately with the insurer in this regard.

The relevant email HJB sent to the insurer includes:

"Just had the below email from the client, I have never heard of [the second broker] have you ? Can you check your system to see if [a letter of authority] has been received or if they have managed to quote on this risk when [the insurer] already hold it ?

If this has been quoted on a different trading name or postcode (There are 2 risk addresses so could be easy to duplicate the quote and not see it is already held by [the insurer]) Can this quote be pulled and someone have a word with [the second broker] about procedures and quoting on [the insurer] held business. If not then

please let me know if a [letter of authority] comes in on this one ?”

This does suggest that the quote be withdrawn, but I do not agree that the communication is inappropriate. Largely it is requesting that checks be carried out and then action taken depending on the result of those. This appears reasonable. And, as above, it is the insurer who will ultimately decide what cover to offer and who to offer this to.

HJB did make an error in the information it provided to P and L; it incorrectly indicated that the policy was non-transferrable between brokers. HJB has apologised for this. But I have thought about whether this is enough. So, I need to consider what was likely to have happened had correct information been provided at this time.

P and L may have decided to transfer the responsibility over to the second broker. I should be clear though, this would not mean that the quote initially provided by this second broker would have continued. That was for a policy on different terms than the one HJB provided a quote for, and it was the insurer who ultimately decided it could not offer this second policy. So, if the policy had been transferred, it would have been the one HJB provided a quote for. And, as the price of this was effectively set by the underwriter, the underlying premium would have seemingly remained the same.

Taking everything into account, I consider that HJB’s apology for the error it made was a fair and reasonable response.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask P and L to accept or reject my decision before 27 October 2023.

Sam Thomas
Ombudsman