

The complaint

H complains Xbridge Limited trading as Simply Business took a premium from its business bank account for a policy it didn't take out.

Mr S is the director of H and is bringing this complaint on its behalf, so for ease I've addressed the decision to Mr S.

What happened

In summer 2023 Mr S said he was reviewing H's company accounts and noticed a monthly direct debit was going to Simply Business. It turned out to be for a commercial buildings insurance policy which had been set up since 2021.

Mr S complained that H hadn't taken out this policy, he said he didn't recognise the email address that the policy documents had been sent to, and he hadn't set it up. Simply Business said whoever set the policy up did so in H's name and used the bank details of that company to do so. It wouldn't agree to refund the insurance but advised Mr S that H could possibly get some funds back through H's bank.

Unhappy with that response, Mr S brought the complaint to this service. Our investigator didn't think Simply Business had done anything wrong in setting the policy up, so said it didn't need to provide a refund to H. She said if Mr S could show that H had two insurance policies running at the same time, then he could provide evidence of that to both of his insurance companies, who should then provide a 50% refund on each policy. But she said as she hadn't seen evidence of another policy, she didn't think Simply businesses needed to do anything more.

Mr S didn't accept that, he said Simply Business hadn't done enough checks to verify his identity and so it shouldn't have been able to set up a direct debit for the insurance premiums. He said someone might have fraudulently taken out the policy and received some financial benefit for it. He said he didn't have another insurance policy with Simply Business, so he couldn't claim 50% back as had been suggested.

As Mr S didn't agree, the matter has come 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.

I understand Mr S has been really concerned about this matter and is worried he's been the victim of fraud. It isn't the role of this service to investigate fraud, that would be a matter for the police. What I can consider is whether Simply Business has acted fairly in saying it won't refund the insurance premium paid by H.

Having looked at everything, I don't think Simply Business needs to do anything differently. Mr H has said the email address used to set up the policy doesn't belong to him. I have seen no evidence to doubt what Mr H has said. But Simply Business doesn't need to provide evidence that Mr H himself took the policy out on behalf of H. There are no regulations I'm aware of that say identity checks need to be carried out before an insurance policy can be set up for a business, even when a credit agreement is being used to pay for the insurance.

The insurance was taken out for the benefit of Mr S's business, H. It is H's details that are on the insurance schedule. And to set up the direct debit, whoever set up the insurance had to provide H's company bank details, which it did. Mr H has said perhaps a previous employee set up the policy and then benefitted from the policy premium, as it was done with a credit agreement. But the credit agreement taken out doesn't provide money to whoever took out the insurance, it is used to pay for the insurance in instalments. In any event, even if I accept what Mr S says, it doesn't show that there was any wrongdoing by Simply Business.

If Mr H can show he had another insurance policy running alongside the one set up by Simply Business, between 2021 and 2023, with a different insurance provider, and that this insurance provided the same cover for his business, then he would be eligible to make a claim for dual insurance. This is a standard industry practice where both of the insurers will refund 50% of the premiums paid. This is because in the event of a claim, Mr S' business wouldn't have been able to claim for the same damage on two insurance policies, so each policy would only carry 50% of the risk.

Mr S has provided documents to this service, included in which are letters from another insurance broker which refer to a different policy being set up. But he hasn't provided this service with any schedules of insurance which confirm he held another insurance policy elsewhere. So based on this I'm not going to ask Simply Business to refund him 50% of the premium. If he does have this evidence, then he would need to provide it to Simply Business to review before this service could look at a further complaint.

My final decision

My final decision is that I'm not going to ask Xbridge Limited trading as Simply Business to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 23 November 2023.

Michelle Henderson
Ombudsman