

## **The complaint**

S, a company, complains about how A plan holdings (A plan) arranged its Contractors Combined insurance policy.

S's complaint is brought by one of its Directors but for ease of reference I shall refer to S's submissions as being its own in this decision.

## **What happened**

A plan was instructed by S as its broker to arrange insurance for it. A plan did this for several policies S took out including a Contractors Combined insurance policy.

S made a claim on this policy in 2022, which A plan notified to S's insurers. The insurer determined that S had failed to correctly disclose its turnover when it took out cover for two policy years. After A plan made several representations to the insurer about the turnover declared being a mistake rather than a deliberate misrepresentation, the insurer agreed that S could pay the difference in premium it should have paid if it had correctly disclosed its turnover when it took out the insurance, rather than void the policies. The insurer said this would have amounted to a further premium of roughly £39,000.

S paid the premium but feels that the failure to disclose the correct turnover was not attributable to it but rather because of A plan's actions. S says the premium would have been the same as it paid for the policy if A plan had disclosed the correct information about its turnover to its insurer from the outset. As a result, it wants A plan to fund the additional premium it paid to keep the policies in force.

Our investigator considered S's complaint and concluded it shouldn't be upheld. He said that although A plan should have noticed there was a discrepancy in the figures S had provided, it did make efforts to clarify the position later with S and S was given the opportunity to address this but didn't. As a result, he said that A plan wasn't responsible for the position S now finds itself in.

S doesn't agree so the matter has been passed to me to determine.

## **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 won't be upholding S' complaint. This is why.

It's incumbent on policyholders to ensure they disclose all relevant information required to allow an insurer to decide whether it's prepared to offer cover and if so at what premium. In this case S's insurer said that the information that was provided to it about its turnover wasn't correct. S says it wasn't responsible for this and that A plan were to blame.

Having considered everything, I've concluded that I don't need to determine whether A plan

were responsible for passing on inaccurate information to S's insurer or if that was something S needed to check was correct. That's because I'm not satisfied there's any loss to S in this case, as contended.

It's accepted by both parties that the information provided to the insurer about S's turnover for two policy years was wrong. This led to that insurer applying an additional premium of £39,000 to ensure S was still on cover when the mistake was discovered.

I understand the additional premium would always have been payable had the turnover figure been correctly disclosed by S or A plan to the insurer and that this figure would have represented the premium payable at the time it fell due. So, it's not the case that this amount is a higher premium than would ever have been applied. Given the issue was corrected by S making payment of the additional premium, I don't think it makes any difference who was at fault in either disclosing or checking the turnover figure. This would only make a difference if I were persuaded that S would have done something differently had that premium been known to it before it took out those policies. For the reasons I've set out below, I don't think it would have.

I haven't seen anything to suggest that S would have decided to arrange this specific insurance through another broker. S had arranged several other policies through A plan the previous year, so there's a good chance it would have been inclined to do so again as it did in the two years that followed. The submissions S has made are that the additional premium wouldn't have been payable at all had the correct disclosure have been made, but I'm satisfied that's not correct based on what the insurer has said- namely that the premiums would have been applied from the outset if the correct turnover figure had been confirmed to it. In the absence of any compelling evidence to support that S would have found a comparable policy based on the same set of risk factors including the correct turnover figures, for considerably lower cost, and that it would have gone elsewhere, I'm not persuaded that it would have done anything differently. As such I don't consider there to have been a loss to S and therefore, I don't uphold its complaint against A plan.

### **My final decision**

For the reasons set out above, I don't uphold S's complaint against A plan holdings.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 19 October 2023.

Lale Hussein-Venn  
**Ombudsman**