

## **The complaint**

Mr and Mrs S complain Society of Lloyd's ("Lloyd's") wouldn't agree to extend their home insurance policy while a claim they made under it is still ongoing.

In this complaint there are different businesses involved. Ultimately this complaint comes under Society of Lloyd's. However where relevant I've referred to the insurer, and the underwriter separately.

## **What happened**

In 2021, Mr and Mrs S' property was damaged by a flood. They had arranged their insurance through a broker, and their insurer at the time was using a particular underwriter to assess the levels of risk. When their policy came up for renewal, in October 2022, Mr and Mrs S were told the underwriter hadn't been able to provide the insurer with renewal terms. Instead of issuing a new policy, Mr and Mrs S' existing policy was extended.

A further extension to this was agreed, but in December 2022, Mr and Mrs S were told there had to be a change in underwriters. They were offered a new policy, but the premium had increased from around £6,000 for the previous year [with the previous underwriter] to over £20,000.

Mr and Mrs S say they were told by the underwriter that it had been removed from the insurer's panel at short notice. Mr and Mrs S complained to the insurer about this, and at the end of December they were given a further extension to the existing policy, to enable them time to find cover elsewhere. Mr and Mrs S were able to do this, but said because of the ongoing claim, many insurers couldn't offer a quote. And their new insurance provider had charged a significant premium as a result of the ongoing claim.

Mr and Mrs S complained about the handling of the renewal and the poor communication involved. Lloyd's said it was satisfied that, in extending the cover several times, it had acted fairly. It said it wasn't going to comment on business decisions around underwriters and premiums offered. Unsatisfied with its response, Mr and Mrs S brought the complaint to this service.

Our investigator didn't think Lloyd's needed to do anymore to put things right. He said the cover had been extended to allow Mr and Mrs S more time to find a suitable alternative, he thought this was enough.

Mr and Mrs S didn't accept that. So 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.

Having done so, I'm not going to ask Lloyd's to take any further action to resolve the complaint. I've explained why below.

I can see this has left Mr and Mrs S in a difficult position. They've had to find another insurance provider, at fairly short notice, whilst a claim is still ongoing. And this has likely resulted in them being charged a higher premium than they would have done had the underwriter stayed the same.

This service can't interfere with a commercial decision between an underwriter and insurance provider relating to their terms of business. But we can look at whether the insurer treated Mr and Mrs S fairly once it knew it wouldn't be able to continue their existing policy.

In these situations, we'd expect the insurer to try and place Mr and Mrs S on cover with another provider. I can see it's done that in this case. I accept the premium quoted was significantly higher than they'd previously paid. But ultimately insurers are allowed to determine the price they charge for underwriting certain risks. So whilst I understand why Mr and Mrs S wanted to seek cover elsewhere, in offering an alternative, I think Lloyd's has done enough here.

However, it seems the communication between the insurer and Mr and Mrs S could have been better. Lloyd's says Mr and Mrs S' broker was aware of the situation [i.e., that the policy couldn't renew] at renewal stage in October 2022. Whereas Mr and Mrs S said they were only told of a potential issue much later.

I haven't seen anything from Lloyd's which supports that it made the broker aware of the implications for Mr and Mrs S. I see no reason to doubt Mr and Mrs S that they were unaware of an issue until December 2022.

However, I can see that after Mr and Mrs S explained the challenge of seeking alternative insurance in December, they were given two further extensions of the existing policy. So the policy didn't end until February 2023 when Mr and Mrs S said they'd found cover elsewhere.

So whilst I think the communication could have been clearer, I think Lloyd's fairly took steps to assist Mr and Mrs S whilst they were seeking alternative arrangements. So I'm not going to ask it to do anything more to resolve the complaint.

### **My final decision**

For the reasons given above, I'm not going to ask Society of Lloyd's to do anything differently.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 23 October 2023.

Michelle Henderson  
**Ombudsman**