

The complaint

Mr S complains that Compare The Market Limited introduced him to an insurance underwriter that ceased trading. He said he incurred financial loss as a result of taking out that policy.

What happened

In February 2019, Mr S used Compare the Market (CTM) to purchase a household insurance policy. After he was provided with quotes from a number of different companies, he decided to take out a policy via a broker that I'll refer to here as "N". The insurance policy that Mr S took out was underwritten by a company I'll call "L".

On 24 May 2019, N wrote to Mr S to explain that L had gone into administration. Mr S complained about this to CTM as he felt he wouldn't have been aware of either N or L had he not compared the insurance market via its website. And he said he'd incurred financial loss as a result of L ceasing to trade.

CTM investigated Mr S' concerns but didn't uphold his complaint. In its final response letter, CTM stated that it had been notified that L had ceased trading on 8 May 2019. And it said, at that point, it had removed reference to L from its website to ensure no new quotes from it would be returned. It also stated that, as a price comparison website, it had no control over the policies offered to Mr S. And it suggested he approach N to further discuss his concerns.

Unhappy with CTM's response to his complaint, Mr S referred it to our service. Our investigator looked into what had happened and empathised with Mr S. But she didn't recommend upholding this complaint. She was persuaded that CTM hadn't been aware of L's financial difficulties at the time Mr S had taken out his policy. And she didn't think it had done anything wrong because it hadn't recommended the policy to Mr S. CTM agreed with our investigator's view of this complaint. But Mr S didn't and requested an ombudsman's 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.

In his complaint, Mr S has gone to some trouble to provide our service with some very detailed points. I want to assure him that I've read everything he's sent us. I hope he'll understand if I don't address every comment he's made in this decision. I intend to concentrate on what I consider is key to the complaint. My role is to decide if CTM dealt with Mr S in a fair and reasonable way.

CTM is a price comparison website. It doesn't manage or underwrite insurance policies. It acts as an introducer and doesn't promote any insurer over another. Its website provides quotes, as it did here to Mr S, from a number of insurance providers based on the information a consumer provides. These quotes can then be compared and are, typically, displayed so the cheapest quote appears first. They can also be filtered by a consumer to

show what each policy offers as a feature – such as the level of excess and whether they include free legal expense insurance.

CTM didn't recommend any of the companies shown to Mr S on its website. It was up to Mr S to determine which insurer to take cover out with based on the suitability of the policy offered. As the sale was non-advised, as in it wasn't recommended to Mr S following an assessment of his circumstances, I don't think CTM mis-sold a policy of insurance to Mr S.

Once a consumer selects a quote on CTM's website, they're diverted to the website of the broker or insurer offering the corresponding policy. This is what happened in Mr S' case – he was directed to N, a broker, which found him a policy with L. CTM had no control over that part of the sales process.

CTM isn't required to carry out due diligence on insurers that brokers recommend – that responsibility lies with the broker instead. So, here, I don't think CTM needed to look into the financial circumstances of L. And, as our investigator explained, CTM isn't responsible for ensuring that N carried out due diligence on L. It's also not responsible if N failed to do so.

It's very unfortunate that L has ceased trading and has gone into administration. And I can understand that this has impacted on Mr S financially, which is bound to have been upsetting. But what happened isn't something I can hold CTM responsible for.

I'm satisfied that, at the time Mr S took out his policy, CTM had no knowledge of L's financial difficulties. If it had known, I think it would have withdrawn any policies underwritten by L from its website – as it did in early May 2019, which is when it said it became aware of what had happened. There's no evidence that CTM continued to feature policies underwritten by L on its website after it became aware of its financial situation.

I appreciate the reasons why Mr S brought this complaint to our service. But, in the overall circumstances, I'm not persuaded that CTM has done anything wrong here. And, because of this, I won't be asking it to do anymore.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 June 2021.

Julie Robertson
Ombudsman