

## **The complaint**

H complains that AON UK Limited (AON) didn't act on its request to increase the buildings sum insured for its commercial property.

Mrs S brought the complaint on behalf of H, and AON was the broker arranging the insurance on H's behalf.

## **What happened**

H had buildings and contents cover arranged by AON for more than ten years. In 2017, H made a claim under the contents policy for theft, during which the loss adjuster said the buildings sum insured was insufficient.

In September 2018, after the policy renewed at the original amount, H asked AON to increase the sum insured and send it an invoice. AON confirmed the additional, mid-term premium and asked H how it would like to proceed. H didn't respond, and the policy remained at the lesser amount of around £250,000.

Nine months after the policy renewal, H suffered fire damage. H then asked for a copy of the 2018 renewal documents, which AON provided.

At the 2019 renewal, AON sent H the renewal documents with the buildings cover still at £250,000. AON asked H on a couple of occasions whether any changes were needed. H confirmed it was happy to proceed but said it'd be increasing the buildings sum insured once the fire damage was repaired.

In June 2020, H asked AON to increase the buildings sum insured to around £650,000 with immediate effect.

H complained to AON because the Club building was underinsured when the fire happened, and it thought that was AON's fault.

AON didn't think it had done anything wrong because H didn't reply to it when it asked how to proceed with the mid-term increase. But AON offered £250 by way of apology for not chasing H's response.

Our investigator didn't uphold the complaint. She thought that AON had done what it should've done by giving H the information it needed in order to increase the sum insured.

H didn't agree. It thought AON was responsible because it didn't chase H's response when it first asked to increase the sum insured, and because AON had a duty to make sure the insurance was adequate to meet H's demands and needs.

The complaint was passed 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've decided not to uphold the complaint for broadly the same reasons as our investigator.

Firstly, I'll just explain that H has used the term "negligent" in its description of AON's actions or lack thereof. Negligence is a legal term and it's not within my remit to decide whether a company has been negligent. What I've looked at is whether AON did what it should've done to make sure H had the information it needed before buying/renewing the policy, and whether it acted reasonably in response to H's mid-term change request.

The key issue here is whether AON was at fault for not chasing a response from H after it advised of the premium increase following its request to increase the buildings sum insured.

There isn't a dispute that AON acted on H's request. It notified the underwriter which let AON know what the premium increase would be. It was a significant increase and AON let H know and asked it how to proceed. So, the question is whether it was AON's responsibility to ask again or H's responsibility to reply.

As H asked for the increase, I'd have expected it to respond to AON's email. H hasn't said why it didn't reply, but it thinks AON had a duty to chase a response. I don't agree. While H clearly asked AON to increase the buildings sum insured, I wouldn't expect it to go ahead with the increase until H had agreed to the additional premium and either increased any direct debit payment or paid the additional premium in full. I don't think it's fair to hold AON responsible for H not responding.

I've thought about what happened at the next renewal and I see H didn't make any changes to the sum insured then, either. AON sold H the policy on a non-advised basis – it didn't advise what cover was needed, and it was clear about that in its documents:

*As we are not making a recommendation to you, we would ask that you consider the information included within the enclosed documents carefully to ensure that your sums insured, limits and estimates are up to date and meet your business requirements.*

I know H thinks AON had a duty to ensure it had appropriate cover in place, but that doesn't apply here. AON made it clear in the renewal letter that H needed to check the details of the policy and let it know of any necessary changes. H didn't ask it to make any changes, despite the buildings sum insured still being at the lesser amount. I'm satisfied that AON gave H clear information about what the cover was for and the sum insured, so I think H had enough information to make a decision about whether the policy met H's needs.

Several months after the policy renewed, H let AON know that it'd be asking for an increase once its claim was settled. This implies, to me, that H was fully aware that the buildings sum insured hadn't increased and that it had no expectation that it had been. H went on to ask for the increase several months after renewal. All of this tells me that H was aware that its building was underinsured for around three years from the loss adjuster's initial confirmation to the eventual increase of the insured sum. During that time, H hadn't paid the higher premium and it told AON that it'd be increasing it in the future. For these reasons, I can't fairly say that AON was at fault for the underinsurance.

H thinks AON is responsible for the underinsurance because it didn't chase a response after its first request to increase the cover. AON offered £250 for its failure to chase up H's response to its notification of the increased premium. It made the offer by way of apology for the customer service shortfall. I understand that was a matter of courtesy and good business practice rather than any acknowledgment that it was at fault for H's underinsurance. To be

clear, I wouldn't have asked AON to compensate for this as I don't consider it a service shortfall. The sum insured wasn't increased because H didn't act on AON's request for confirmation of how to proceed, rather than because it didn't chase a response. Therefore, I'm satisfied that its offer is generous.

Overall, while AON offered compensation for its customer service shortfall in not chasing H for a response, H didn't acknowledge, accept, or pay the additional premium so AON didn't make any changes to the policy. AON's duty, for a non-advised sale, was to provide enough information which was clear and not misleading, so that H could make a decision about the its insurance requirements. It's H's responsibility as the policyholder to obtain cover that meets its needs and AON made that clear in the renewal documents. I don't think AON has done anything wrong here, and I won't be asking it to do any more.

### **My final decision**

For the reasons given above, my final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 17 August 2021.

Debra Vaughan  
**Ombudsman**