

## **The complaint**

Mr S has complained about the recording of the bedrooms in his property and other issues to his broker, Saga Services Limited when it arranged a home insurance policy for him.

## **What happened**

Mr S received a renewal invitation from his broker, Saga in November 2020. He contacted Saga as he said it showed his property as having two bedrooms, but he said the deeds showed the property as having one bedroom and a study. Mr S asked for clarification of the underwriters listed in the policy wording as he believed one of them was outside of the panel of insurers Saga used to provide insurance.

Saga replied to Mr S. It explained the relationship between the lead insurer and a co-insurer, said parts of the policy related to Legal Expenses cover which Mr S hadn't bought – and provided its policy definition of a bedroom. In his reply to Saga, Mr S raised a further series of questions about the policy documents he'd received.

As the renewal date was approaching, he wanted to discuss his renewal premium with Saga on a specific date with a view to renewing his policy – pending the outcome to the questions he asked. Mr S spoke to Saga after this date on two occasions and was unhappy with the outcome of the calls. He renewed his policy through Saga but he raised a complaint. Mr S wasn't satisfied Saga had answered the questions he'd raised. He found that in his renewal acceptance documents, his property was still listed as being a two bedroomed home. Under the Statement of Insurance, Saga wrote that Mr S told it his property had no history of subsidence. Mr S was unhappy with this statement as he said it hadn't shown in previous renewal documents. He said that he had accepted the renewal of his policy based on the invitation and wanted the subsidence statement removed.

In January 2021 Saga replied to Mr S's complaint. It said it would have set up the policy since 2015 based on what Mr S had told it. But as it couldn't locate the original sales call, it said it would backdate the change of bedrooms from two to one. It provided Mr S with a refund for the difference in premium he'd paid since 2015 and for the current policy year. It apologised for not calling Mr S back and it agreed one of the calls hadn't been handled as well as it expected. It explained that the letter Mr S sent hadn't been uploaded onto their systems when he'd called and so the agents didn't have all the information.

For the inconvenience its poor service had caused Mr S, Saga paid him £30 compensation. It sent Mr S revised renewal documents showing his property as having one bedroom. Saga didn't address Mr S's query about the subsidence statement. This statement remained in the revised documents showing a one bedroom property.

There was further back and forth between Mr S and Saga. Mr S remained unhappy and asked us to look at his complaint.

Our investigator thought that overall Saga had answered Mr S's questions and the compensation and refund of premiums it had paid was fair and reasonable.

Mr S didn't agree and asked for an ombudsman to decide.

I issued a provisional decision on 21 January 2022. I addressed a complaint Mr S had raised about the renewal invitation and its wording about subsidence which Saga hadn't responded to when it replied to his complaint. I thought Saga had caused some confusion by not providing the same information about subsidence in the renewal invitation as it did in the renewal documentation when Mr S agreed to renew the policy. But I found that most – if not all insurers ask about any history of subsidence – and so I thought it more likely than not that Mr S would have bought a policy in any event. Saga offered £100 compensation for the confusion its documentation had caused and I thought this was fair to resolve this complaint. So I intended to uphold this complaint in part.

I thought Saga had otherwise reasonably dealt with Mr S's complaint.

Saga accepted my provisional decision. Mr S said my provisional decision deals with matters not raised in Saga's final response letter or his claim form. He's asked for clarification as to whether the £100 compensation in my provisional decision is in relation to letters he wrote to Saga in October 2021 and December 2021 – to which it has replied in January 2022.

Mr S says he didn't buy a policy – referring to this year – as he wasn't satisfied with the response he received from Saga in relation to his new complaint.

So the case has been passed back 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, my final decision is along the same lines as my provisional decision.

I can confirm the £100 compensation in my provisional decision relates to Mr S's complaint to Saga which it responded to in January 2021.

As Saga wasn't able to show the answer Mr S gave when he first applied for a home insurance policy in 2015, it couldn't say if Mr S or Saga had recorded the property as having two bedrooms.

So Saga decided to backdate the change to show Mr S's property as a one bedroomed home – and arranged for the premiums to be recalculated retrospectively.

Saga as the broker doesn't determine the price of a policy. This is something the insurer decides. An insurer's pricing is commercially sensitive information – and so it can't be shared with customers. However, Saga has provided us with a breakdown of the premium difference which Mr S has seen. I'm satisfied that Saga has provided Mr S with a breakdown in line with the sums set out by the insurer. So I think Saga has acted reasonably here.

Mr S was concerned that an insurer wasn't recorded with the other approved insurers on Saga's panel list and elsewhere in his policy documents. Saga has explained that the insurer Mr S referred to is a co - insurer of the underwriter listed on Mr S's policy documents.

I think Saga clarified the relationship between the insurer of Mr S's policy and the co-insurer he enquired about. The underwriter represents the insurer and determines the risks for the insurer under the contract. The insurer provides the policy and deals with any claims made. It isn't unusual for the underwriter to be mentioned in the policy – but the insurer is usually

the primary contact for a customer.

The Statement of Insurance in the renewal acceptance documents Saga sent to Mr S says the following:

*“You have told us.....the insured property has no history or any signs of subsidence, ground heave or landslip.”*

In response to the Investigator’s view, Mr S said this statement wasn’t in the renewal invitation documents he received. And it was on the basis of those documents that he accepted renewal. So he doesn’t think it’s fair for Saga to have included this statement afterwards in the renewal acceptance documents. He says that if he were to make a claim for subsidence and there was a history of subsidence, his claim could be declined for misrepresentation – based on this statement. Mr S says he’s checked his documents from previous years and they do not include this statement.

Although Saga didn’t address this complaint in its response to Mr S in January 2021, I can see that it was part of his complaint to Saga. So as I explained in my provisional decision, I considered this complaint – and Saga’s subsequent responses on this point.

In March 2021 Saga said it has always questioned about subsidence and this information has been recorded on Mr S’s policy history from the outset. But it agreed that there was no reference to subsidence in the renewal invitation and apologised for this. It said it had given feedback to the relevant department for review.

Mr S wanted to await the outcome of the review and asked if Saga would extend the six month deadline it gave when replying to his complaint.

Saga said it wouldn’t always be able to give an update on feedback raised. It didn’t agree to extend the timeframe for Mr S to contact this service.

Saga has explained that it no longer has the initial sales call – so it can’t show what it asked Mr S when he bought the policy first in 2015 and/or what his answer was to any question about subsidence. It has however provided a screenshot from 2015 which shows the following:

*“Subsidence, heave or landslip” – “no”*

Followed by a question:

*“Is there or has there ever been signs of subsidence, heave or landslip at your property?”*

Saga was however able to locate a letter Mr S wrote to Saga in October 2015 where he expanded on the questions asked of him when he bought the policy. He explained that he’d bought the property in 2001 and provided extracts from the Surveyor report in relation to any movement to the property.

We asked Saga for further information as this seemed to show that Mr S had provided details which were accepted by Saga and cover was provided. We also asked Saga to provide an explanation as to why it’s documentation was inconsistent – as the renewal invitation didn’t include a statement about subsidence – but the renewal documents did.

Saga says due to the passage of time it no longer holds further information from when it sold the policy to Mr S in 2015. It said due to a system change, the renewal documents included

the subsidence statement – and this was based on the original information provided by Mr S when he applied for a policy in 2015. It says it isn't able to remove the question from its documentation. However, Mr S didn't arrange the most recent renewal of his policy through Saga. And it acknowledges that due to Mr S's concerns, the policy it arranged may no longer meet his needs. So for the distress and inconvenience caused, Saga has asked us to forward its offer of £100 compensation to Mr S in relation to this complaint.

I've considered what the impact was of failing to provide the subsidence statement in the renewal invitation. It isn't unusual for an insurer to ask a question about the history of any movement in a property when a customer applies for a policy. Had Saga confirmed the statement regarding subsidence in previous documents, I've considered what Mr S would have done and if he would have acted differently. I think Mr S would have either decided to accept the statement and proceeded with the policy – or he would have chosen not to and bought a policy elsewhere.

So – I think Mr S would have bought a policy in any event. Mr S says he hasn't bought a policy at renewal this year. However, my decision refers to matter up to January 2021. I appreciate that Mr S was concerned about what would have been the outcome if he'd made a subsidence claim and the property was found to have a history of subsidence. He's of the view that his claim would most likely have been rejected due to misrepresentation on his part.

But I can only consider what happened. Saga had on record a letter from Mr S showing that he provided further information about his property in relation to the subsidence question - and cover was arranged in 2015. So while I think Saga has caused some worry and inconvenience, I don't think Mr S has been disadvantaged by the error Saga made in not disclosing the subsidence statement in the renewal invite.

Taking everything into account, I think Mr S's complaint should be upheld in part. I think Saga should pay Mr S a further £100 compensation in addition to the £30 it paid. This is for the confusion and worry it caused by failing to include the subsidence statement in the renewal invite to Mr S – consistent with the renewal acceptance documents it provided.

I understand Mr S doesn't agree, but I think Saga has reasonably answered his remaining questions and provided a refund of any overpaid premium Mr S paid for a two bedroom property since 2015. I think the compensation of £30 it paid for the inconvenience caused here is reasonable and in line with our approach.

### **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint in part. I require Saga Services Limited to pay Mr S a further £100 in addition to the £30 it's already paid for the distress and inconvenience caused by its renewal correspondence.

Saga Services Limited must pay the compensation within 28 days of the date on which we tell it Mr S accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

If Saga considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 March 2022.

Geraldine Newbold  
**Ombudsman**