

The complaint

A limited company which I'll refer to as S, is unhappy with how Xbridge Limited trading as Simply Business has administered its business protection insurance policy.

Mr S brings the complaint on behalf of S.

What happened

What follows is intended to be a summary of the actions which led to this complaint. It doesn't therefore contain all of the details.

Mr S took out a business protection insurance policy through Xbridge as the insurer previously providing cover to S, reduced the number of business activities it was willing to provide cover for.

Mr S posed different questions to Xbridge after the policy had been purchased to clarify the level of cover S had, as he didn't feel the information provided to S was clear. And, he wanted to ensure S was covered for all its business activities.

Mr S was informed by Xbridge the policy didn't provide cover back to the date S was incorporated, as he'd originally wanted. It said would it only be able to provide cover for the previous five years and if Mr S wanted that length of cover, then an additional premium would need to be paid.

Mr S complained on behalf of S, Xbridge apologised for the error it made and offered Mr S £75 compensation. It was later discovered that this position was incorrect, and the policy did in fact provide cover back to when S was incorporated. Xbridge apologised again and arranged for the insurer to provide a refund of the additional premium paid.

Mr S later queried the exact activities S was covered to perform. He initially wasn't given an answer and had to chase on multiple occasions. He was then informed S was covered for 'Domestic and Small Commercial' activities. This wasn't the cover Mr S had requested for S and it appeared it was in some ways more restrictive than the previous policy S held. Mr S therefore arranged for the policy held with Xbridge to be cancelled and moved cover for S back to the original insurer. Again, it was subsequently found out the information Mr S had been given was incorrect and the policy did cover the activities S would be performing.

Mr S complained to Xbridge about how the policy had been administered and that S had to turn down work as it was no longer properly insured for it, due to the move back to the previous insurer. Xbridge apologised that the information it gave Mr S hadn't been checked directly with the insurer of the policy and said it would provide feedback to the relevant department. As Mr S hadn't yet been paid the refund of additional premiums it said it would round the payment up to £550 (i.e. pay a further £162.61 as compensation)

Mr S remained unhappy and brought S's complaints to this service. Our investigator looked at the complaints and originally felt that S should be paid a total of £500 in compensation.

Xbridge agreed but Mr S did not. He pointed out a lot of business time was lost dealing with the matter and therefore S's losses were much higher. He also referenced a job which had to be turned down at a loss of £875 to the business.

The investigator reviewed the matter and agreed that in addition, Xbridge should cover the lost business and make a further payment to S of £875.

Neither party agreed and both asked of the case to be reviewed by an ombudsman.

Xbridge stated it was Mr S's decision to cancel S's policy and move back to the original insurer which had more restrictive cover, so it didn't think it should be liable for this loss.

Mr S disagreed as he felt overall S should be paid more due to the amount of time spent on the issue and that S was limited in what it could take on business wise, due to no fault of its own.

The case has been 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 understand Mr S has strong views about what has happened. I want to assure him I've read and considered carefully everything he's said. However, my findings focus on what I consider to be the central issues, and not all the points raised. This isn't meant as a discourtesy. But the purpose of my decision isn't to address every single point the parties have raised or to answer every question asked. My role is to consider the evidence presented by Mr S, and by Xbridge, to reach what I think is a fair and reasonable decision based on the facts of the case.

It's clear here that Xbridge has made some errors and misadvised Mr S as to the extent of the cover the policy provided to S. And that led to inconvenience as Mr S had to continue communicating about matters to get the correct answers. So, I can understand, why when given the information about policy coverage being more restrictive than he anticipated, he lost faith in Xbridge and moved S's insurance back to the previous provider so he could have some certainty that the S was properly insured for its activities. This did however mean that S couldn't perform certain business functions until the next renewal of the original policy (approximately a further five months).

Xbridge has said in response to the investigator that it doesn't think it should be liable for S's lost business as it was Mr S' decision to cancel the policy. And, it had only told him the policy cover was restricted, it actually wasn't, and this matter was rectified quickly.

However, I don't agree with this position. Mr S had been questioning the policy coverage for nearly a month before he was given the incorrect answer. Given the error previously made, I can understand why he lost faith in Xbridge's administration of the policy and therefore he couldn't have full confidence S was properly insured as it was required to be. So, for certainty he secured cover with the previous insurer.

In my mind it therefore directly follows that Mr S made that decision, to the detriment of S, as it now turns out, due to an error Xbridge made. To have certainty of insurance cover, it sacrificed being able to take on certain business activities in the short term. But, had an error not been made, it really didn't need to do this. The policy did actually provide the cover Mr S originally wanted for S so I don't think it was worthless or mis sold as he has suggested, but I

do understand that the misinformation he was given made it seem that way

So I do think Xbridge should pay S an equivalent sum to that which it has been evidenced S lost out on - £875. I also think interest should be factored in on top of that amount to reflect the fact S has not had use of this money. No date for the survey was booked in and I'm mindful there is usually a slight delay before an invoice is paid, so for ease I will say the interest calculation date should run from 28 days after the contract was declined.

Mr S has suggested S's activities were limited further than just that contract, however he has not provided evidence of any other losses. Given the nature of S's activities, even if it was approached for work, there would be no guarantee the contract would eventually be secured. So, while it may be the case there were potentially other losses, I can only look at losses that have been evidenced as actually having happened.

Turning now to the issue of compensation, while I accept this would have impacted Mr S personally both in terms of time and frustration, I can't compensate him in his own right as this complaint is made on behalf of a legal entity S. S is not a natural person and therefore cannot suffer injury to feelings. I accept there would have been inconvenience in sorting the matter out, that is only natural. Mr S has indicated there was lost business time but hasn't been able to quantify this over and above the normal inconvenience that would be expected in dealing with correspondence when something goes wrong. And I'm mindful that financial loss to S has already been covered above.

Having considered everything, I think a payment of £500 compensation adequately reflects the inconvenience Xbridge's errors caused to S.

In its capacity as a broker, Xbridge may communicate with Mr S about the refund of the additional premium S was charged and the return of premium when the policy was cancelled. However, the underlying issues are the responsibility of the insurer(s). So, if Mr S, on behalf of S, has any dispute about those sums, he would need to take them up with the insurer directly. Similarly, if Mr S is unhappy about the way in which the policy document is worded, this is a matter for the insurer(s) to respond to.

Putting things right

To put things right Xbridge should do the following:

- Make a payment of £875 to S to reflect the value of the contract it lost out on. It should add interest on this amount at 8% simple per annum. It should calculate 28 calendar days from the date the contract was originally declined and pay interest from that date to the date of payment.
- Pay S a total of £500 compensation (less any sums already paid)

My final decision

I uphold S's complaint against Xbridge Limited trading as Simply Business and direct it to put matters right as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 9 September 2022.

Alison Gore
Ombudsman