

The complaint

Mr B, on behalf of J, complains that Dibben Consultants Ltd (“Dibben”) took out a public liability insurance policy with Company A at the time of renewal without his consent.

Any reference to J or Dibben includes any representatives or agents.

What happened

The background of this complaint is well known to all parties, so I’ve summarised events.

- J held public liability insurance with Company A – which was due for renewal on 24 April 2021. This was taken out and renewed through Dibben acting as a broker.
- On 10 April 2021, Dibben sent renewal terms to J.
- Some back and forth followed, an additional quote was sent on 27 April 2021. On 11 May 2021, Dibben sent a reminder regarding the renewal to J saying Company A required declarations regarding wages and turnover to be completed.
- Dibben accepted the quote on behalf of J and confirmed to Company A the declarations would be sent to follow.
- J provided the declarations on 12 May 2021. Company A confirmed the policy would need to be amended and the premiums would increase due to figures being higher than declared at renewal for the previous year. J says these premiums were about £600 higher than the year before.
- Dibben says the increase in premiums was so large as the declaration hadn’t been submitted in previous years – so the premiums were, in part, to cover these premiums that would’ve been due in previous years.
- J says he never agreed to pay the increased premium and that Dibben accepted this quote without his knowledge or consent – requesting a full refund of premiums paid.
- J since took out another insurance policy (with Company B) from June 2021 for a lower premium than the one Dibben accepted on its behalf.
- Our Investigator reviewed the case and found that Dibben had unfairly accepted the Company A policy without J’s input. She said Dibben should refund the difference in the cost of the Company A and B policies it had in place, alongside £100 in compensation.

The complaint has been passed to me for 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.

- Dibben said it is a condition of the policy that the policyholder must complete an annual declaration stating the company wages and turnover.

- Dibben says the policy was renewed on the basis that an adjustment would be made if the figures were in excess of those previously declared.
- Dibben hasn't disputed that it asked for this information late. Nor has it disputed that it accepted the higher renewal quote on J's behalf before it knew the cost of the policy. I think it would be reasonable for Dibben to have shared this information with J prior to accepting the policy, particularly in light of the significant premium increase.
- J said it wouldn't have agreed to the policy and provided evidence to show it took out an alternative policy with another provider for cheaper. This persuades me that J wouldn't have agreed to take out the Company A policy if it had been given clear information about the policy prior to the renewal.
- As a result, I think Dibben made a mistake. And this led to J holding a Company A policy for a period of time, with a potential crossover period with Company B.
- To put things right, I'm directing Dibben to pay the difference between the Company A and B premiums for the time they were both on risk (up until the Company A policy was cancelled).
- If J incurred any cancellation fees from Company A, I'd also direct Dibben to cover these upon receipt of evidence showing these were paid.
- J has also been inconvenienced by this mistake, and I'm satisfied £100 in compensation is a fair and reasonable sum to recognise this.

My final decision

For the above reasons, I'm upholding this complaint and directing Dibben Consultants Ltd to pay J the following:

- £100 in compensation for the inconvenience caused.
- The difference between the Company A and Company B premiums that J incurred for the period they were both active on risk upon receipt of evidence.
- Any cancellation fees or charges *if* Company A charged one when the Company A policy was cancelled.

Dibben Consultants Ltd must pay the compensation within 28 days of the date on which we tell it J 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 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 29 September 2022.

Jack Baldry
Ombudsman