

## **The complaint**

Mr C complains that Fairmead Insurance Limited has treated him unfairly when it declined to provide his buildings insurance cover. He's also questioned the price he paid for this insurance in earlier years.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them in detail here.

In summary, Mr C has two linked complaint points. He feels Fairmead Insurance unfairly declined to provide his buildings insurance cover after he questioned the total sum insured and how this was impacting the price of the insurance. He feels his previous years policies were overpriced as the sum insured was higher than it needed to be and he's lost out as a result.

Our investigator looked at the complaint and didn't think Fairmead Insurance had done anything wrong. She explained an insurer is entitled to decide who it provides cover to and there is no requirement on a business to offer cover at renewal. So when it declined to provide this cover, she didn't think it had done anything wrong.

Our investigator explained this Service's role when considering complaints about pricing is to determine whether the business treated the customer fairly. And it is not our role to tell a business how to calculate the price of the policies they offer. She was satisfied from the information she'd been provided that Fairmead Insurance had treated Mr C fairly when deciding what it should charge for the insurance offered.

Mr C disagreed with the outcome. He said he believed the price of the policy had been unfairly increased and the total sum insured was far greater than he required. As a result of an earlier settlement for fire damage, he is concerned that any total loss claim would be reduced by the previous settlement amount and he was in fact over insured. He feels Fairmead Insurance failed to offer the insurance with a more realistic total sum insured and he's lost out as a result.

Because Mr C disagreed, the complaint has been passed to me for 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.

Having done so, I've decided not to uphold this complaint, for much the same reasons as our investigator. I appreciate Mr C will be disappointed with this outcome, but I'll explain why I don't think Fairmead Insurance has done anything wrong.

Mr C is concerned that he was over insured for a number of years as the sum insured was greater than he would have needed or been paid had there been a total loss incident. I

understand why he has a question over this as he had previously received a large cash settlement for a fire damage claim and this work hadn't been completed. But I don't think Fairmead Insurance was wrong to rely on its estimated reinstatement value.

Although Mr C's previous claim had work outstanding, this had been settled and Fairmead Insurance had an expectation that work would be completed to bring the property up to the pre-loss condition. And once this had happened, the insurance would provide cover for the repaired work as well as anything which hadn't been affected. It is usual after a large claim for an insurer to allow a reasonable amount of time for reinstatement work to be completed and in this case, Fairmead Insurance allowed a number of years.

When it became apparent the work hadn't been completed as Mr C questioned whether the total sum insured was more than was needed, it reassessed whether it wanted to continue to provide the cover. As the policy provides cover for properties that are in a good state of repair and completed, Fairmead Insurance took the decision that it was no longer willing to offer to provide the insurance. This is a decision it is entitled to make and I've not seen anything to suggest it has acted unfairly when it has taken this position.

Mr C is also concerned that the previous year's policies have been priced unfairly because of the reinstatement costs being greater than was needed. But as I've said above, I think it was right that the total reinstatement cost was covered to allow for what this would have been after the work was completed. If it was reduced, Mr C may have been underinsured once the work was completed.

Mr C has questioned whether the price of the policy should increase because of the cost of maintaining the sum insured. Having looked at the information provided by Fairmead Insurance, I'm satisfied the price of his policy didn't increase because of this, but because of the impact of the claim made. I cannot share the specific details of this with Mr C, but I'm persuaded that Fairmead Insurance hasn't acted unfairly when pricing his policy as it has.

Overall, I've not seen anything to suggest that Fairmead Insurance has treated Mr C unfairly. It decided it was unable to continue to provide the insurance to Mr C based on its view of the risk after the remedial works, following a claim hadn't been completed. It didn't withdraw the cover because of Mr C questioning the price, but because it highlighted the condition of the building some years after the claim had been settled. And I think it was correct to base the total sum insured on its view of the total reinstatement cost but this had no bearing on the cost of the policy increasing.

### **My final decision**

For the reasons I've explained above, I do not uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 July 2023.

Thomas Brissenden  
**Ombudsman**