

The complaint

K, a business, took out business protection insurance with Xbridge Limited, trading as Simply Business ('SB') in 2020 and renewed it annually.

K says the premiums it was charged by SB each year were exorbitant and that they couldn't justify charging this when other companies were offering the same level of cover at a fraction of the price.

K wants SB to provide it with a refund of the premiums it was overcharged for which it feels amounts to around £700 per year for three years.

K's complaint is brought by Mr P, but for ease of reference I shall refer to all submissions as being K's own.

What happened

K took out business protection insurance through SB, a broker, in 2020. The premium it initially paid was around £325. In 2021 K renewed the policy at a premium of around £410, and again in 2022 for approximately £720. In 2023 K renewed its policy with SB for a cost of around £955.

K says it's since discovered the premiums it was being charged by SB for the type of insurance it bought was too high compared to other policies available on the market. K says that SB shouldn't have been allowed to sell policies at these kinds of prices.

SB has said they don't set the policy premiums- the insurer of the policy does and the prices they offer the policies for are reflective of a variety of factors, including the insurer's rates for K's particular postcode, the number of claims made by customers with similar policies or changes to business costs. SB has also said that it sells these policies on a non-advised basis and that it provided K with information about the policies it sold it year on year so it was up to K whether it wanted to renew them on the terms supplied.

Our investigator considered K's complaint and didn't uphold it. She said that SB weren't responsible for setting the policy premiums applicable to the insurance they sold because they're a broker- the insurer of that policy is responsible for the policy premiums. She also said there were different reasons why the policies might have increased in cost over the years but that's not something SB are responsible for, and it was up to K whether it wanted to take out insurance on the terms supplied. K doesn't agree so the matter has been passed to me to determine.

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 don't uphold K's complaint. I'll explain why.

As the investigator explained, K is the broker of the policy, not the insurer. So, it doesn't set the policy premiums, nor is it able to lower the ones applicable to the policies it offers. That is something only the insurer can do. K's complaint seems to be that SB shouldn't be allowed to offer policies to customers that are high in price when other comparable policies are available for lower premiums.

Firstly, I haven't seen anything to support that K was able to take out comparable cover for a much lower premium at each renewal. When referring to comparable cover, I mean a policy that offers the same level of protection with the same policy limits year on year. But even if such cover was available, that doesn't mean that SB wasn't entitled to offer a product at a higher premium. The policies it sold to K were on a non-advised basis. That means it had to give K enough information to allow it to decide whether to take out the insurance. But it didn't need to make sure the cover was suitable for K's needs. That was something K needed to do for itself.

From what I've seen, K was presented with the policy premiums each year before the cover renewed, so it was up to K to determine whether it thought the insurance offered was too expensive and whether it should go elsewhere for cover. The fact that it has only just discovered it can source insurance at a lower cost elsewhere isn't something SB is responsible for. And from what I've seen the cover SB was offering in 2022 and beyond offered a higher level of protection in terms of employer's liability and public liability, which seems to have been reflected in the cost of the policy from that point onwards. So, I don't think that what they were offering was so poor in terms of value for money, such that they shouldn't have been offering it at all.

My final decision

Overall and for the reasons set out above, I don't uphold K's complaint against Xbridge Limited trading as Simply Business.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 7 March 2024.

Lale Hussein-Venn
Ombudsman