

The complaint

Mr O complains about how Arthur J. Gallagher Insurance Brokers Limited trading as QuotelineDirect (“AJGIB”) administered a commercial vehicle insurance policy.

What happened

The details of the complaint are well known to both parties, so I won’t repeat them again here. Instead, I’ll focus on providing my reasons for my 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 considered everything, I agree with the outcome reached by the investigator for the following reasons:

- Mr O was asked for evidence to support the application he had made for insurance. These are normal checks that are undertaken so I don’t find it unusual AJGIB asked for this information.
- The cancellation of the policy happened as the title document for the van registered on the policy mentioned a company name. I understand Mr O has said he only put the company name as there was a space for it on the document and it is actually his van. However, the fact the title for the van was registered in this way means it was an unacceptable risk for the underwriter of the policy and as such the policy had to be cancelled. This would have meant Mr O would always have needed to arrange a new policy, likely at a different cost.
- I can understand this process would have been frustrating for Mr O, but I don’t think the agents did anything wrong or were rude to him, they explained what was needed and why, and the options he had.
- There is a duty on firms to provide information that is clear, fair and not misleading. We would generally expect a customer to be provided with information that would allow them to understand/or be able to easily calculate themselves (before agreeing to purchase the policy), the likely costs of cancelling a policy early.
- Mr O was charged £108.30 as a discretionary discount that was applied at the start of the policy was recovered on a pro rata basis. There is nothing in the policy documents which states this may happen, as such I don’t think AJGIB acted fairly or reasonably in applying this charge on cancellation of the policy.
- Mr O was also charged £97.51 for lost commission. I accept in the policy documents it does explain any commission paid to AJGIB will not be refunded. And it is not uncommon for brokers to make such a charge. However, we’d still expect adequate information to be provided about how much that might be.
- The policy documents do explain commission paid is based on a percentage of the total annual premium and that if less than 25% is paid, an additional fee maybe levied which a customer will be notified of. So here, Mr O could reasonably have been aware the least amount of commission paid would have been 25% of the premium. However there is no way of him knowing how much was actually paid in

relation to his policy and therefore he would have not been able to easily calculate any likely charge for lost commission on early cancellation of the policy.

- AJGIB has said it has different arrangements with different underwriters and information about commission charges is held centrally. So I take it from this, even if Mr O had of asked, more likely than not, he wouldn't have been able to obtain this information before agreeing to purchase the policy.
- I don't think AJGIB has given clear, fair and not misleading information on this and as such, I don't think it can fairly or reasonably charge Mr O for the amount of commission it lost.
- Mr O was charged a cancellation fee by AJGIB, this is set out in the policy documents and as such it was fair for this to be charged.
- There was also a charge by the underwriter for the time the policy was on cover. If Mr O has any concerns about this amount, he would need to direct those to the underwriter of the policy.

For the reasons above, I uphold this complaint.

Putting things right

AJGIB should do the following:

- Refund the £108.30 it charged for the recovered discretionary discount
- Refund the £97.51 it charged Mr O for lost commission
- Pay 8% simple interest per annum on the above amounts from the date they were charged to Mr O to the date settlement is made to him.

My final decision

My final decision is that I uphold Mr O's complaint against Arthur J. Gallagher Insurance Brokers Limited trading as QuotelineDirect. I direct it to put things right as I have set out in the section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 23 August 2024.

Alison Gore
Ombudsman