

## **The complaint**

Mr J has complained about the way that Hiscox Underwriting Limited ('Hiscox') handled his information in relation to his home insurance policy quote.

## **What happened**

Mr J approached Hiscox looking for a quotation for a home insurance policy in early December 2023, but he felt the quotation was too high and had unreasonable conditions attached. Mr J thought that Hiscox must have kept this information from the previous contact in 2020. Mr J was unhappy that Hiscox had kept his information dating from 2018. Mr J felt that it used previous claim information and personal data and didn't delete it after 24 months in line with its own data retention policy. Mr J then wanted Hiscox to provide a fair quotation without using historic data to prejudice the offer, to delete the information from its records and not to share it.

Hiscox confirmed that the information gathered at the time of the 2020 quotation wasn't eligible for consideration by its underwriting team in respect of the current quotation. It stated that the information about the previous claim would have been sought because Mr J was seeking a home insurance policy in December 2023. Hiscox stated that it was Mr J who mentioned that his previous insurer didn't treat him well regarding a previous claim, and this prompted further investigations about an earlier escape of water claim.

As Hiscox maintained its original decision following Mr J's complaint, he referred his complaint to this service. The relevant investigator upheld Mr J's complaint in part, as he didn't consider that Hiscox had treated Mr J fairly in all respects. He thought that Hiscox hadn't acted fairly in providing a quotation to Mr J using the information it had retained, contrary to its own internal policies which it applied to everyone else.

Hiscox didn't agree with the investigator's view. In the circumstances, the case has been referred to me to make a final decision in my role as Ombudsman.

## **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.

The key issue for me to determine is whether Hiscox acted in a fair and reasonable manner in relation to its retention of Mr J's data, and in relation to its subsequent handling of the matter. I don't consider that Hiscox acted in a fair and reasonable manner in all respects, and I'll explain why.

In reaching my final decision, I've carefully considered the submissions of both parties as summarised below. I turn firstly to Mr J's submissions. By way of background information, Mr J said that he'd called up Hiscox for a home insurance quote in early December 2020. He said he was asked a standard set of questions, such as whether he'd had any claims in the last five years, to which his answer was 'no'. Hiscox reverted to Mr J a few days later and said that it knew that his home had a water leak in 2018. The quotation was then significantly

higher than normal; *'and that I had to have additional devices and excesses on my policy.'* Mr J said that *'they offered me a ridiculous premium with conditions.'*

Mr J asked Hiscox how it knew this information as he wasn't a customer, and it said that it had his previous quotation data from 2020. Mr J said that this was *'illegal retention and use of quote data'* and a breach of GDPR obligations. When challenged, Hiscox said it would investigate, and subsequently wrote to say that it was undergoing a project to implement data retention policies. Mr J felt he was being unfairly penalised for a claim from more than five years ago, used sensitive quote data, and didn't re-adjust the quote to ignore the historic data from 2020. He said that data was based on a *'no fault claim'* from 2018, which was fully settled by his provider.

Mr J considered this to be *'grossly unfair and legally unjust'* and set a precedent for the future. He said that this meant he couldn't get a decent quote for home insurance with Hiscox and that he had to stay with his existing provider. He wanted full data erasure, and assurance that Hiscox wouldn't share this information with other providers. He added that Hiscox itself admitted it shouldn't have the data but stood by its decision that it had been able to use it. Finally, Mr J was seeking compensation from Hiscox in the sum of £3,000.

In conclusion, Mr J was complaining about Hiscox's misuse of his personal information, provision of an unfair quote, and lack of assurance about deleting historical information.

I now turn to Hiscox's submissions regarding this complaint. It confirmed that information about a previous escape of water claim, retained within a Hiscox quote produced in 2020, had an effect on the quote discussed with Mr J in 2023. It also confirmed that certain stringent conditions had been imposed with the 2023 quote as a result.

Hiscox noted that Mr J had raised a data erasure in respect of the previous quote. It confirmed that its internal retention guidelines were currently set at two years for quotes, but that it had a project in place to implement retention guidelines and it had *'used a risk-based approach to do this'*. It acknowledged that the relevant system was still being worked through to ensure that it had a *'robust method of deletion.'* It also acknowledged that the 2020 quote wasn't eligible for consideration by the underwriting team.

Hiscox nevertheless said that it had reviewed calls with Mr J and that it noted that Mr J had been with his current insurer since about 2014. In response to a question about why he was considering leaving his current insurer, he referred to his experience with them during a claim from about six years ago. It said that it would have then made further enquiries with Mr J regarding the nature of the previous claim. It concluded that; *'It is logical that this would have resulted in the same information being established regarding the previous escape of water claim. It is the case that our Underwriting team have a very limited commercial appetite for taking on properties where any claims such as escape of water have previously occurred, irrespective of when this may have been.'*

Hiscox provided a copy of its underwriting criteria to confirm this point. It said that any re-quotation by Hiscox would take into account the information from December 2023 which remained a matter of record due to the prior claim history. The underwriter would need to establish the nature of that history and clearly, this would result in the same information being gathered afresh from Mr J. It considered that this would result in the same outcome for the quotation, and the same policy terms for claims arising from escape of water would have applied. In summary, it confirmed that the same outcome would have been reached irrespective of whether the previous quote had been retained. It said it wasn't constrained from considering the total claims history. It denied treating Mr J any differently from any other customer with the same circumstances and claim history.

As to Mr J's '*right of erasure*', it confirmed the erasure from its systems of Mr J's personal data collected at the time of the November 2020 quotation and that this was removed on an individual basis. It then confirmed that it wouldn't therefore be possible for its teams to share such information with another insurer.

I would firstly state that it's not the role of this service to regulate or impose fines on businesses in relation to GDPR and it is the Information Commissioner's Office which regulates compliance with data protection law in the UK.

I now turn to my reasons for partly upholding Mr J's complaint in relation to this insurance complaint. I consider that Hiscox did unfairly and unreasonably retain Mr J's data for a longer period than its own internal guidelines permitted. It therefore had access to, and used, information on its systems about a previous quote given in 2020, which it shouldn't have been able to access. I appreciate however that Hiscox then proceeded to manually remove the data from its systems, and I consider that this partly met one of Mr J's concerns. Hiscox has also since confirmed that the information hasn't then been further shared with other insurers.

I note however that Hiscox acknowledged that it retained Mr J's information for longer than it should have done and that it used it in the preparation of the 2023 quotation, so I don't consider that Hiscox treated Mr J in an entirely fair or reasonable manner. The fact that this information had been used by Hiscox in the way that it did clearly cause Mr J distress and upset. In the circumstances, and in the light of the breach of its own guidelines, I consider that Hiscox should now pay Mr J £150 in compensation.

I've listened to the call made by Mr J when he was looking for a home insurance quote from Hiscox in 2023. Mr J is asked if he had made a claim in the last five years, and he said '*no*.' I note that Mr J didn't make a claim in the five years prior to the quote. Nevertheless, insurers are entitled to set their own underwriting criteria and are entitled to consider whether they are willing to take on certain business risks. Hiscox had made it clear that it has limited commercial appetite for risk in relation to properties where there has been a history of a claim for an escape of water, whether less or more than five years have elapsed since that claim., and regardless of claim outcome. I have seen no evidence to suggest that Hiscox would take a different approach to its appetite for risk in relation to any other customer whose property has suffered a similar incident, in similar circumstances.

I consider that the information about a previous claim was brought to light from information provided by Mr J himself in his telephone call to Hiscox in December 2023. Whilst the insurer's standard question about claims within the previous five years implied that it wouldn't usually consider older claims to be relevant, this didn't preclude Hiscox from considering the entire claims history, including that exceeding five years, when it was alerted to previous issues by the consumer as in this case. The consumer would then have a duty of openness and candour when asked to provide further details as to the nature of any previous claim in relation to a matter where it had a limited appetite for risk.

I'm satisfied on the basis of the evidence provided by Hiscox of its underwriting criteria that any re-quote recommended by this service would simply result in the same premiums and conditions as previously quoted by Hiscox. I've seen no evidence to suggest that it would have treated any other customer any differently in such circumstances. I consider that any other customer would likewise be expected to approach the process of obtaining a quotation with openness and candour. I agree with the investigator that we '*don't have authority to tell Hiscox whom they can and can't insure and at what price.*'

In the circumstances, whilst appreciate that Mr J was looking for compensation of £3,000, I don't consider this would be appropriate under the service's guidelines with regard to awards

for distress and inconvenience. In the circumstances, I'm satisfied that modest compensation of £150 adequately addresses the impact upon Mr J of Hiscox's failure to adhere to its own guidelines, when providing its insurance quote to him. I'm satisfied however that the quote would have remained the same in any event. I note that Hiscox has already erased Mr J's historical information from its systems and, as such, I don't require it to do anything further in this respect.

### **My final decision**

For the reasons given above, I partly uphold Mr J's complaint and I require Hiscox Underwriting Limited to pay Mr J £150 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 5 November 2024.

Claire Jones  
**Ombudsman**