

The complaint

I, a company, complains about Arthur J. Gallagher Insurance Brokers Limited's ('AJG') conduct when acting as its broker of business protection insurance.

I's complaint is brought by Mr A on its behalf, but I shall refer to all submissions as being I's own for ease of reference.

What happened

AJG arranged business protection insurance, including professional indemnity cover, with an insurer I shall refer to as 'B' in this decision. The insurance started in August 2023.

In March 2024 I contacted AJG to inform it of certain changes to its business and to find out how these would affect the business protection policy AJG had put in place with B. I asked AJG which parts of the cover it had in place needed to be removed or downgraded.

AJG asked I for some further information to understand the changes. Four days after I provided this information, AJG told I that due to the percentage of turnover coming from outside the UK to I, continuing with the insurance fell outside B's risk appetite. As a result, AJG said that the policy would need to be cancelled. AJG offered to place I on cover with another insurer instead and provided a quotation for this.

I's complaint is that AJG didn't inform it immediately that B was terminating cover when they became aware of this and that this wasn't made clear to I until two days before cover ended. I also feels that AJG should have done more to represent its interests by pointing out that B that it wasn't entitled to terminate I's policy without giving adequate notice. I is also unhappy with the alternative quotation AJG provided and says that it wasn't competitive. In addition, I says it was left in a position where it had to source insurance elsewhere and at very short notice which was particularly concerning because it was put at risk of losing the retroactive cover on the professional indemnity insurance aspect of its policy. Overall, I feels that AJG should compensate it for their actions by paying it £500 in compensation.

AJG doesn't consider they did anything wrong. They say that whilst it took seven days for them to confirm the date on which cover would be ending with B, this time period included a weekend. In addition, AJG say they were trying to source an alternative quote to offer I in this time and that their staff dealt with I's queries and request in a proactive and timely manner. Unhappy, I referred its complaint to the Financial Ombudsman Service.

Our investigator considered I's complaint but didn't think it should be upheld. I 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 won't be upholding I's complaint. Before I explain why I wish to acknowledge both I's strength of feeling about its complaint and the volume of submissions it's made. Whilst I have considered everything I has said, I won't be addressing it all. That's not intended to be disrespectful, rather it represents the informal nature of the Financial Ombudsman Service. Instead, I will concentrate on the crux of this complaint, namely whether AJG did something wrong here and should do anything to put things right.

As the investigator explained, AJG was I's broker of insurance. As such its activities were limited to arranging insurance and carrying out some administrative functions for I in respect of its insurance. I has argued that AJG failed in discharging their responsibilities to it. I thinks these extended to representing its interests with B by telling it that I had abided by the terms of the insurance and setting out that B needed to give I adequate notice to terminate the policy. But that's not what AJG's duties extended to. Whilst I appreciate that I might have wanted AJG to advocate for it with B, that was not AJG's role. The fact that AJG has arranged a policy for I and charged fees and commission for this doesn't mean that they needed to do anything beyond the functions I've mentioned. So, I don't agree that I needed to do something more here.

Turning now to AJG's conduct generally. When I initially got in touch with AJG, it asked how the changes to its business would affect the insurance it had in place and which parts of the cover needed to be removed or downgraded. From what I've seen AJG made contact with I the next day and sought to clarify the changes I had mentioned before contacting B to see how this would affect I's policy. Four days after I provided the information AJG needed AJG sent I an email saying:

"So due to the percentage of turnover coming from outside the UK, this risk fell outside of (B's) appetite. However, (another insurer) were happy with where your turnover came from so what we will need to do is cancel your policy with (B) and place you on cover with (the other insurer) going forward. I have attached the (other insurer's) quotation for your viewing, please can you review the documents and make sure everything is correct and once you can confirm I will get this changed over for you."

In response to this I said:

*"I note there's a new admin fee which I would like to avoid and also the premium is still quite high despite the reduced cover. I'm also growing frustrated at the lack of pace in making changes to the policy.
I would like to arrange for a backdated refund from (B) for the period they will not cover and understand what it is they will cover at the moment."*

So, although I wasn't entirely satisfied with the alternative cover offered by AJG, it seemed to accept the insurance with B would be cancelled and was seeking a backdated refund for the period of insurance it would not be covered for. It's of note that I said it was frustrated with the pace at which making changes to the policy were occurring here. This was just four days after I provided AJG with the information they needed to contact the insurer and two of those days fell on a weekend. So, in reality it took AJG two working days to revert to I with B's position on cover and a new quote. I don't consider this to have been unreasonable at all in the circumstances.

I says that AJG did not tell it that cover was ending with B until 2 days before this happened. I'm not sure I agree. I think that the extract from I's email makes clear that B would not cover I any further when it explained that the current risk fell outside B's risk appetite. I is a commercial entity so I think this would have been reasonably clear to it. And I did seem to accept that a cancellation would be happening when requesting a proportionate refund of policy premiums. But I accept that AJG did not tell I explicitly that cover was ending on 14 March 2024. I don't however think that this means that AJG did something wrong.

B's decision to bring cover to an end was its decision alone. That's not something that AJG could interfere with. And although AJG didn't explicitly confirm the end date of the cover to I until 12 March, they did tell it that B wasn't prepared to continue insuring it two working days after I provided it with the information needed. AJG then confirmed the end date of cover one working day after that. I has said that AJG knew that B were going to end the policy on the same day that I provided the further information. But again, I don't think that means that there were any delays in AJG reverting to I. AJG told I about cover ending two working days after this. I don't think that was unreasonable in the circumstances. I would not have been AJG's only client so I wouldn't expect them to provide a same day response if they weren't able to. And given AJG was seeking an alternative quote to help I obtain continuity of cover in those two working days, I don't think I can say that they acted unreasonably.

I is also unhappy with the quotation AJG supplied. It says the quote was not competitive and that it had to source insurance elsewhere at a lower premium but from the same insurer. I don't accept that this means that AJG did something wrong. AJG's ability to source cover will be limited to the parameters in which it works. Whilst I haven't seen any evidence to support the differences in cost of the policies or whether they provided the same level of cover, it could well be that AJG wasn't able to obtain the most competitive price available on the market. Whatever the case, I don't think this means they did something wrong. If I was unhappy with the quote it was provided with, it was free to go elsewhere as it did in this case. And for the reasons I've mentioned above, I don't think AJG prevented I from doing this. I could well have looked to obtain quotations for cover elsewhere when AJG told it that B was no longer prepared to offer cover four days after it provided AJG with the information they needed to put the matter to B. The fact that it didn't do so isn't something I is responsible for. If I remains unhappy about B not providing it with adequate notice to bring the policy to an end, it should raise that with B directly. But the issue of notice isn't one I consider AJG is responsible for.

Finally, I is unhappy with the possible risk exposure it might have had if it didn't have retroactive professional indemnity insurance cover in place. Whilst I can quite understand its concerns, this wasn't a risk that bore out and I couldn't in any event be compensated for the stress it might have suffered in this regard because I is a commercial entity and not a consumer. And for the reasons I've set out above, I don't think AJG is responsible for the short time frame in which I needed to source cover anyway so I can't say that AJG did anything wrong and need to do anything further to put things right.

My final decision

For the reasons set out above, I don't uphold I's complaint against Arthur J. Gallagher Insurance Brokers Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask I to accept or reject my decision before 18 October 2024.

Lale Hussein-Venn
Ombudsman