

The complaint

N – a limited company – is complaining about the way Arthur J. Gallagher Insurance Brokers Limited ('AJG') handled the renewal of its commercial property insurance policy.

What happened

N is a management company that part-manages a block of flats. Part of its responsibilities is to arrange an insurance policy to insure the building. It arranged the insurance policy through AJG – a broker. N is unhappy with the way AJG handled the renewal of the insurance policy in July 2023. In summary, it raised the following points:

- The building block had been the subject of significant works to remove and replace cladding on the outside facia. N said the original insurer – who I shall refer to as 'A' – had advised that it had asked AJG for information relating to the current situation and materials being used in the cladding replacement, but it said AJG hadn't provided it. As a result, the renewal premium it initial quoted was around £18,000 higher than it would have been had AJG provided the information asked for.
- A re-rated the premium after N had raised a complaint about the renewal premium and sent the quote to AJG. But N is unhappy AJG didn't send this to N for a further 10 days – one day before the policy was due to renew.
- N believes AJG chose to not provide A with the information it needed as it says N had an agreement with another insurer – who I shall refer to as 'Z' – to arrange insurance policies for Z. N believes AJG was unreasonably pushing to arrange an insurance policy through Z. And it highlighted AJG initially renewed the insurance policy through Z, despite N clearly setting out it did not want to take the policy out through Z. N believes there was a breach in conflicts of interest.
- N believes AJG deliberately provided false and inaccurate statements – such as saying the original insurer had said it didn't want to insure the building.
- N asked AJG to provide all correspondence it had with A, but AJG refused to provide it.
- N believes AJG is in breach of a number of regulatory guidelines in the way it's acted.

N says its directors have had to spend numerous hours trying to put everything right.

AJG didn't think it had done anything wrong. It acknowledged A had asked for more information regarding the cladding materials used, but it said it had asked another management company ('J') who are also responsible for the management of the property about the materials being used to replace the cladding, but it said they hadn't responded. AJG said that was the reason A didn't have the information it needed at the time of the renewal. It acknowledged it took some time to provide the updated renewal quote to N, but it said it had to review and assess the quote and it said that was the reason it took some time. It also said N hadn't lost out, given the policy was ultimately renewed with A in line with N's request.

Our Investigator upheld this complaint. He said he'd seen evidence J responded on the same day AJG asked for the information, but AJG didn't provide this to N. However, he said as N is a limited company he could only require AJG to compensate N for any inconvenience and financial losses it had incurred. He said N hadn't lost out financially as a result of what

AJG did wrong. But he thought AJG should pay N £300 in compensation for the inconvenience caused.

AJG agreed with the Investigator's opinion, but N didn't. In summary, it said the Investigator hadn't commented on all the regulatory breaches AJG has carried out. It didn't think £300 against the £6,000 that AJG had collected in commission while not adhering to the above principles is fair compensation. It doesn't believe it's fair this Service is saying AJG should be allowed to retain 95% of the commission it retained, while violating ICOBS rules and FCA Principles. And it asked for an ombudsman to consider this complaint.

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.

I acknowledge I've summarised N's complaint in a lot less detail than it's presented it. N has raised a number of reasons about why it's unhappy with the way AJG has handled this matter. I've not commented on each and every point N's raised. Instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy about this, but it simply reflects the informal nature of this Service. I assure N and AJG, however, that I have read and considered everything they've provided.

I should first state that this Service isn't the regulator. So it's not this Service's role to say whether AJG has breached regulations or to fine and punish it. Our role is to consider whether AJG has acted fairly and, if not, whether it's taken fair steps to put things right. In considering whether AJG has acted fairly, I have considered various regulations – including the regulations N has referred to.

I recognise N has set out that this matter has had a significant impact on its directors – particularly the length of time and effort they've had to put in to resolve this matter. But the broker contract is between N and AJG. While I recognise the directors are acting on behalf of N in their communication with AJG, they are not a party to the contract. So they are not eligible complainants in this matter. As a result, I can only consider the impact this has had on N. N is a limited company – i.e. it isn't an individual – so cannot suffer distress. In this decision, if I think AJG has acted unfairly, I have to consider whether N has financially lost out or been unreasonably and materially inconvenienced by what's happened.

It's clear AJG didn't handle the renewal process as well as it should have done. In particular, I note the following:

- AJG didn't provide A with the information it required regarding the cladding for three months, despite J providing it the same day AJG ask for it. It's ultimately this failing that caused the subsequent issues due to A providing a significantly higher renewal premium as AJG did have all the information A required.
- It took 10 days for AJG to tell N the updated renewal premium. AJG said this was down to the fact it had to verify and check all the details. But even if that were the case, which I don't think it was, I would have expected AJG to have been much more pro-active. And it wasn't fair for it to only provide details of this one day before the policy renewed. It also seems to me it only did so once N highlighted it had been told separately A had provided the quote to AJG. As a result, N initially had to take out the policy with Z while N was able to review and assess A's policy. Although AJG did take fair steps to put this right by arranging for the policy provided by A to be back dated to the renewal date.

Ultimately, while I fully appreciate and understand N's concerns, the policy did renew with the correct details and premium charged. As I said, AJG has handled the renewal process

unfairly in part. But N did ultimately have the policy it required and this was arranged by AJG. AJG has fulfilled its responsibilities under the agreement it had with N to arrange an insurance policy to insure the block of flats. So I can't reasonably require it to waive or refund any of the commission it received.

N has said it believes AJG was deliberately and unfairly withholding key information to ensure the policy was taken out through Z, which N believes AJG had an agreement with. And I can understand why N might think this given what had happened. But I haven't seen anything to support that. As I said, AJG did make errors in the handling of the renewal, but I'm not persuaded there was anything underhand. I've reviewed the emails AJG sent N when comparing the two policies and I think it was simply explaining the difference between the two policies as I would have expected it to do.

N has also complained AJG arranged the policy with Z first. But I don't think this was unreasonable as it didn't want to leave N uninsured. And it ultimately arranged the policy with A for N and N did not lose out as a result of this. I've ultimately not seen anything to show AJG pressured N into taking out the policy through N.

I can see N, as a company, has been inconvenienced from this in the steps it had to take to put things right. It was ultimately the one who rearranged the quote through A by providing the information AJG should have provided. It was also given no time to discuss and agree the updated quote from A. But, while I fully understand and recognise the amount of time A's directors have taken to put all this right, I cannot take that into consideration for the reasons I set out above. And, ultimately, N has not lost out because of the errors AJG made. So, taking everything into consideration, I think the £300 the Investigator recommended, and AJG has agreed to pay, is fair compensation. And it's in line with what I would have awarded. So I don't think AJG needs to pay more than this.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require Arthur J. Gallagher Insurance Brokers Limited to pay N £300 in compensation.

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

Guy Mitchell

Ombudsman