

The complaint

Mr V has complained about information Affinity Insurance Solutions Limited (AISL) requested when he took out a contents insurance policy.

Mr V's complaint is about the actions of the broker, which is why the complaint is about AISL, rather than any other business, including the brand named on the policy documents.

What happened

Mr V spoke to AISL to discuss taking out a policy. The adviser asked Mr V a range of questions, including when he had become a UK resident. Mr V said he couldn't remember. The adviser was still able to provide a quote. Mr V took out the policy.

A short while later, AISL wrote to Mr V and said a quality control review had found that it hadn't captured when he became a UK resident. Mr V spoke to AISL about this and then complained. He said AISL was asking an unnecessary question about residency. He said that although he had been told the underwriter needed the information, AISL also told him it was AISL who devised the questions and that the underwriter didn't need the information. He wanted to know why AISL was asking this question.

When AISL replied, it said it was a broker and had a panel of underwriters, each of which had their own methods for determining risk. It said it took into account those risk factors and asked customers questions to determine if a certain underwriter was able to provide insurance. It said it only asked about UK residency to see if underwriters were able to provide insurance. It said it was aware Mr V thought the question required a yes or no answer, but the question asked was a business decision that the complaint handler was unable to alter. It said that although other insurers might not ask this question, each insurer was different and there were questions other insurers might not deem necessary.

Mr V wasn't satisfied by the response, so he complained to this Service. Our Investigator didn't uphold the complaint. She said it wasn't unreasonable for AISL to ask this question. She also said there wasn't evidence that Mr V had been discriminated against by being asked this question.

Mr V didn't agree. In summary, he said even if the residency question originated from the insurer, AISL shouldn't have asked it. AISL had later said it determined the questions, not the insurer. Insurers shouldn't ask for information over and above what was necessary to assess risk. The residency information didn't help an insurer to make an informed decision. No explanation had been provided for how an exact year and date of UK residency helped it to make an informed decision on providing contents insurance. He said this was either a discriminatory risk factor or AISL was requesting the information for a reason that couldn't be justified. The date of acquired residence could also be a proxy indicator of foreign origin and was an indicator of discrimination. AISL contacting Mr V after he had taken out the policy wasn't just an inconvenience, it was an intrusion into his privacy to be asked about the exact date of his UK residency. So, the complaint was referred to me.

I issued my provisional decision on 16 September 2024. In my provisional decision, I explained the reasons why I was planning to uphold the complaint. I said:

I've considered all the evidence provided and am aware of all the points raised. The role of this Service is to decide if a business has acted fairly. I've focussed my decision on what I consider are the key issues in order to make a fair and reasonable decision.

Mr V doesn't think AISL should have asked him questions about his UK residency in the way that it did. Mr V has also said no other insurer had previously asked him about how long he had been a UK resident. He said AISL could have just asked him whether he was resident in the UK, to which he could have answered yes or no. So, I've thought about this.

Mr V spoke to AISL about taking out a policy. He was asked whether he had been a UK resident since birth. He said he hadn't. AISL then asked when he had moved to the UK. Mr V said he couldn't remember and asked whether that was a problem. AISL said it wasn't, but asked for his best estimate for when he moved to the UK. Mr V said he had been in the UK for a long time. The call then continued and Mr V purchased a policy.

It's my understanding that in order to provide Mr V with a quote, in the absence of the date on which he became a UK resident, AISL's adviser entered Mr V's date of birth as the relevant date. But because Mr V had said he hadn't been resident in the UK since birth, this was picked up as an issue on a quality check. AISL then wrote to Mr V to say the adviser hadn't captured the date of Mr V's UK residency and asked for this information.

When Mr V spoke to AISL to find out why it needed to know how long he had been resident in the UK, he asked why it needed this information. I've listened to those phone calls. AISL told Mr V that all underwriters for this type of policy will only offer cover if the person is a UK resident. AISL also explained it asked its questions because it knew the type of information insurers require. It also confirmed it asked all its customers the residency questions. After Mr V questioned AISL further, AISL confirmed it was responsible for the questions it asked, not any of the underwriters. AISL also confirmed that Mr V's residency information didn't make any difference to the premium.

It's my understanding that Mr V wasn't objecting to AISL asking whether he was a UK resident, to which he could have answered yes or no. But that he couldn't understand why it was necessary to ask how long he had been resident in the UK. He thought this was a way to potentially find out if someone was "foreign". When Mr V spoke to AISL about his concerns, he raised this. The call handler he spoke to said the purpose of the question was to find out whether Mr V was a UK resident and that the question could have potentially been asked in a way that required a yes or no answer. The call handler said he would note Mr V's concern about being asked about how long he had been resident in the UK and that if enough customers raised a concern about this then it would look at it as a business and think about whether it should change it. He said it was all about getting customer feedback.

I asked AISL for more information about why it asked about residency in the way that it did. It explained that there was a standard set of questions, some of which was configurable and some of which wasn't. It said it was up to the insurer which information it took to "write from". It also said:

"We take the standard information and don't know which insurer will give the best offer, therefore we're unable to tailor the upfront information prior to it hitting the panel. The underwriting footprint changes on a regular basis across all panel members, and each underwriter will have their own underwriting rules which we don't have access to."

However, I note that this seems to be different to what AISL told Mr V during a phone call. It told Mr V "I mean we don't really pass the details on. You'll only ever contact them if you make a claim. So, we keep the information ourselves because we know what the underwriters will and won't take on".

AISL also provided a screenshot from an insurance price comparison website that asked whether the person had lived in the UK since birth and when someone started living in the UK. It's my understanding that AISL provided this to show it wasn't the only company that asked for this information.

Mr V also provided this Service with the names of three insurers he said AISL had provided him with, one of which was the insurer his policy was placed with. He said he contacted each insurer to ask about the residency questions and was told they didn't need that information. I asked AISL about this. AISL said it would provide the best price and wouldn't provide a list of other insurers who may or may not offer a price. AISL also told this Service it couldn't provide a list of who was on its panel of insurers. So, I note that I seem to have been provided with different information by Mr V and AISL. I also note that during a phone call between AISL and Mr V, AISL provided the name of one of the insurers as an example of a company that, in some circumstances, would provide insurance where someone wasn't a UK resident.

So, I don't know whether AISL provided Mr V with a full list of the underwriters it used at that time. I also don't know exactly what was discussed when Mr V spoke to each of the insurers. But, regardless of that, I think I can still make a fair and reasonable decision about this complaint.

As part of that, I'm mindful my role is to look at individual complaints and whether a business acted fairly. I'm unable to tell a business what it should ask. However, I've looked at whether AISL provided Mr V with a reasonable explanation for why it asked the residence questions in the way that it did. Based on what I've currently seen, I don't think it did.

AISL has said it needed the residency information for its underwriting panel. However, AISL told Mr V it could potentially have asked a question that required a yes or no answer. AISL also told Mr V that it decided the questions it asked, not the underwriters, and that it didn't pass all the information on to the underwriters. I also don't think a different business asking similar questions about UK residence explains why AISL decided it needed to ask the questions in the way it did. I haven't currently seen evidence that showed AISL needed to ask Mr V a question about when he became resident in the UK.

Mr V has also said he thought it might be discrimination, including to determine whether someone was born outside of the UK. So, I've thought about this. AISL asked Mr V a standard question it asked people who wanted to take out a policy. I don't think asking a question about residence in the way AISL did showed it wanted to know whether someone was born outside the UK. I say this because, for example, it is possible to be born in the UK and then not to have been resident in the UK for some or all of the period since then. The question was about where someone lived, not where they were born. The questions Mr V was asked didn't show where someone was born or demonstrate that was what AISL was trying to determine. I also haven't seen evidence that Mr V's answer to the question had any impact on the policy offered. It's my understanding that, if Mr V had said he wasn't currently resident in the UK, he might not have been offered a policy. But, he was resident in the UK and was offered a policy. Overall, I haven't seen evidence AISL treated Mr V differently to other customers by asking this question. Even if other insurers or brokers haven't previously asked Mr V about his UK residency, I don't think this showed AISL was discriminating against Mr V.

I've also thought about compensation. Mr V has explained the impact on him of being contacted by AISL to ask about his date of UK residence after he had taken out the policy. Given AISL had incorrect information about Mr V, I think it was reasonable for AISL to contact him to correct its records. However, I think AISL showed poor customer service. When it spoke to Mr V about the quote, it told him it was ok for him not to provide his date of residence. But, this wasn't correct and Mr V was, understandably, surprised when he was later asked for this information.

In addition, when Mr V questioned why AISL needed information about when he had become a UK resident, it, in effect, told him it probably wasn't necessary to have asked the questions in that way. It also told Mr V that if several people raised concerns, it might review the questions it asked. I think this suggested that although AISL thought there might be reason to review the questions, it didn't think Mr V's individual concerns were enough reason to do so. It's a business decision for AISL to make about what questions it asks and whether to review them. But I think it was dismissive of Mr V's concerns to respond to him in this way. Looking at what happened overall, I think AISL should pay Mr V £100 for the impact on him of its poor customer service.

I asked both parties to send me any more information or evidence they wanted me to look at by 30 September 2024.

AISL replied to my provisional decision and confirmed it had no points to add. Mr V replied and, in summary, said:

- The date on which he acquired UK residence was irrelevant to the policy. In the 40 years he had lived in the UK, he had never been asked about the date on which he had acquired UK residency for a home contents policy.
- He questioned whether AISL was the correct business to name.
- It was hard to pin down any clear and stable findings of fact in my decision.
- The broker's dishonesty was not reflected in my decision. A senior manager had deliberately misled Mr V that the starting date of residency was required by the underwriter. It was the broker who controlled the policy and determined the questions. This was deliberate dishonesty rather than poor service.
- He questioned my use of the terms "underwriters", "brokers" and "insurers".
- I had acknowledged that AISL had provided contradictory explanations at different times, but did not "censure" it for this or consider why this had happened. Dishonesty by an insurance company was a very different category to poor customer service. £100 compensation was laughable, especially given its dishonesty and failure to co-operate with this Service.
- It was extraordinary that AISL couldn't provide a list of who was on its panel of insurers. Mr V confirmed the names of the three insurers AISL provided him with. When he approached these companies, they all confirmed none of them asked for or used the information about residency.
- AISL had two contradictory positions about whether it passed information to the underwriters. He questioned whether this created a danger that the underwriter could decline the claim based on new information that had not previously received.
- He asked a range of questions, including about why a broker would collect information but not pass it on, whether that included the date of acquired residence and what other purposes this data was collected for. He wanted to know why AISL collected information about UK residency.
- He disagreed that the question was about where someone lived, rather than where they were born. He provided some examples.
- He said discrimination was notoriously hard to evidence. He said suspected discrimination in the insurance industry was widespread and well-founded. The refusal

by AISL to provide this Service with a cogent explanation for collecting and storing data about acquired UK residence created a strong suspicion that it is done for nefarious purposes. Faced with this clear refusal, this Service should draw an adverse inference.

- He commented on a different 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.

Having done so, I uphold this complaint and for the reasons given in my provisional decision. As part of that, I've considered Mr V's comments, but these don't change my view about what is a fair and reasonable outcome to this complaint. I've focussed my comments on what I consider to be key to my decision.

I'm satisfied AISL is the correct business. It was AISL, as the broker, who arranged the policy. The terms insurer and underwriter are normally interchangeable and provide the cover that the policy offers and deal with the claim.

My role is to consider what I think is a fair and reasonable outcome to an individual complaint. I can't tell a business how it should operate. It also isn't part of my role to consider hypothetical scenarios, such as whether the underwriter might have declined a claim because of new information it hadn't previously received. If that had happened, Mr V could have complained about it. But that isn't the complaint I'm considering.

I'm also aware that Mr V has said AISL has been dishonest both with him and this Service and that it didn't co-operate with this Service. I haven't seen evidence that made me think this. I asked AISL questions and it responded to them. I also listened to phone calls between AISL and Mr V to understand what was discussed. I explained this in my provisional decision. Where I found information inconsistent with other information I had seen, I commented on this. But this didn't cause me to think AISL was dishonest or unwilling to co-operate with this Service. I can see that Mr V might hold a different view.

I remain of the view that my decision and the compensation remains fair and reasonable in the circumstances of this complaint.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is upheld. I require Affinity Insurance Solutions Limited to pay Mr V £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 1 November 2024.

Louise O'Sullivan
Ombudsman