

The complaint

Mr and Mrs G have complained about an arrangement fee the broker about Intelligent Advisory Services Limited trading as Intelligent Insurance (IA) charged on cancelling their home insurance policy. They complained that there was an onerous endorsement under the policy which IA should have highlighted more prominently.

What happened

Mr and Mrs G bought a home insurance policy through IA via a comparison website. Mr G contacted IA a week later to cancel the policy as he was unhappy with an endorsement he said was onerous.

The endorsement required – where their second home was unoccupied for over seven days – to be inspected and for the inspection to be documented.

When Mr G contacted IA, it offered to change the frequency from seven days to thirty days. Mr G said he still wanted to cancel the policy, so IA did so. It charged an arrangement fee of £50.

Mr G complained to IA about the term he was unhappy with and the arrangement fee. But IA didn't uphold the complaint. So Mr G asked us to look at his complaint.

One of our Investigators didn't recommend the complaint should be upheld. She thought IA had been clear about the endorsement under the policy and its fees.

Mr G didn't agree. So he wants an ombudsman to decide.

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.

Mr and Mrs G say that they agree with the facts set out by the Investigator. But they don't agree this was the basis of their complaint.

They say the endorsement applied was unrealistic and onerous – and the arrangement fee charged within the cooling off period was unfair.

IA didn't offer advice to Mr and Mrs G when they about their policy. So the onus was on Mr and Mrs G to check the policy was suitable for their needs. I've looked at whether IA provided clear and not misleading information about the policy, so that Mr and Mrs G were able to make an informed decision.

IA has provided a copy of the online journey to show that it clearly set out the fees it would charge. This included an arrangement fee of £50 in the event of cancellation within the cooling off period. These fees were clearly explained before Mr and Mrs G decided to buy the policy.

We don't think it is unreasonable for a business to charge an administration fee in these circumstances, provided the fees are clearly explained. A business will incur costs in providing policy documents once a customer has bought a policy. And where a customer decides to cancel a policy, the business will incur costs in carrying out the administration of

the cancellation. Mr G says the arrangement fee represents 18% of the total policy premium costs, and so it is unfair and disproportionate. He says it is in effect a penalty.

However, I can't agree. In line with the Financial Conduct Authority handbook Mr G has quoted from, I am satisfied that IA charged a reasonable fee for the service it provided.

Mr G told IA that they would be travelling abroad for over 100 days, and so IA applied an endorsement which required the home to be inspected every seven days while left unoccupied. IA applied this endorsement before Mr and Mrs G decided to buy the policy.

Although this term was also clearly set out under the policy schedule, when Mr G called to cancel the policy, IA offered to reduce the frequency from seven days to thirty days. But Mr G went ahead with his decision to cancel the policy.

Before completing the sale of the policy online, Mr and Mrs G were required to agree to the terms and conditions set out under the policy.

I am satisfied that the endorsement was clearly explained to Mr and Mrs G and they were able to make an informed decision as to the suitability of the policy before they bought it. So, I don't think the endorsement was onerously applied, and I don't think IA was unreasonable to charge its arrangement fee.

My final decision

I'm sorry to disappoint Mr and Mrs G. But for the reasons I've given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 3 January 2025.

Geraldine Newbold
Ombudsman