

The complaint

Mr and Mrs D complained that their broker K G J Insurance Brokers (Stourbridge) Limited ("KGJ") mis-sold them a home insurance policy. Mr and Mrs D has representation for this complaint, but for ease and simplicity, I'll only refer to Mr and Mrs D.

What happened

Mr and Mrs D made a claim on their insurance policy when water penetrated their home and caused obvious cracking to the plasterwork inside. Mr and Mrs D said that their insurers declined the claim as they had a flat roof.

Mr and Mrs D said they'd been paying for insurance for many years and if the policy wouldn't cover them when they needed to make a claim, then they thought the policy had been mis-sold so they want all their premiums that they've paid refunded.

KGJ said their insurance policy wasn't invalidated because Mr and Mrs D had a flat roof. KGJ explained that the claim wasn't accepted by Mr and Mrs D's insurer as the circumstances of the claim didn't match any of the perils set out in the policy (e.g., storm, fire etc) under which they were entitled to claim under.

Our investigator decided not to uphold the complaint. She didn't think the policy was mis-sold. She thought the policy did cover Mr and Mrs D for one-off events which were identified in the policy. She identified that the policy had been provided by Mr and Mrs D's insurer knowing that there was a sizeable flat roof, and this wouldn't have impacted any claims. Mr and Mrs D disagreed, so the case has been referred to an 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.

To clarify, the decision I have reached here has only considered the actions of KGJ, the broker of this policy. KGJ were responsible for selling and administering the policy. Mr and Mrs D have also raised a complaint against their insurer, who were responsible for declining the claim. I won't be considering its actions under this decision.

It's important to understand insurance policies don't normally cover every claim or eventuality that could happen. Doing so, would be extremely high risk for insurers as they'd need to pay out every claim for any kind of damage. If insurers did do this, the cost of policies would be much higher for consumers and in most cases cost prohibitive.

Instead, insurers create policies that protect consumers for several insured one-off incidents. The liability on insurers isn't limitless. Insurers limit liability by putting conditions in the policy to protect themselves from unreasonable claims. An example of such a condition, maybe that a homeowner maintains their property to a good standard. This way consumers can afford policies and are provided a pragmatic level of cover when unforeseen events occur. I can see that Mr and Mrs D's insurer agreed to providing Mr and Mrs D an insurance policy, knowing that the flat roof on the property was at least 30% of the roof's total area. This

question was asked of Mr and Mrs D when they bought the policy and it's recorded in the statement of facts (which is a record of the questions that were asked when the policy was taken out and the answers Mr and Mrs D provided).

Therefore, I can't say the policy was mis-sold as Mr and Mrs D's requirement for insurance took account that they had a flat roof. This information was recorded correctly and processed correctly.

Mr and Mrs D's claim wasn't declined because they had a flat roof either. So, again, I can't say the policy was incorrectly provided to Mr and Mrs D. Having checked why the claim was declined, it was due to the condition of the roof. Most insurance policies don't cover claims where a house hasn't been reasonably maintained or where there is evidence of wear and tear. So, again, I don't think KGJ has sold a policy that was wrong for Mr and Mrs D. It provided the normal level of cover for a property that I'd expect and is common in the industry.

I haven't reviewed what process the insurer went through to decline the claim and the evidence it provided, as this isn't relevant to my decision against the broker (KGJ). I appreciate Mr and Mrs D are unhappy that KGJ didn't inspect the damage or the roof when they asked it to. However, this isn't its role. It's the insurer's responsibility to review and validate any claim.

In summary, I haven't seen any evidence that KGJ mis-sold the policy, so I don't uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint. I don't require K G J Insurance Brokers (Stourbridge) Limited to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 15 January 2025.

Pete Averill
Ombudsman