

The complaint

Mrs S complains that AmTrust Specialty Limited refused to provide her with subsidence cover under her home insurance policy.

Mrs S is represented by solicitors in this complaint. For ease, I'll refer to anything said by her representatives as being said by Mrs S.

What happened

In 2021, Mrs S took out a home insurance policy via a broker. The insurance was underwritten by Insurer C. In 2022, Mrs S made a subsidence claim under the policy. This was still ongoing in March 2024 when the policy was due for renewal.

Shortly before the renewal, Mrs S was made aware that her policy would no longer be underwritten by Insurer C, but by AmTrust. An endorsement had been applied on the policy for the 2024/2025 period which excluded cover for loss or damage caused by subsidence, heave or landslip.

Mrs S says the broker told her Insurer C was no longer operating in the UK property market. It had looked at its panel of insurers but none of them would offer Mrs S subsidence cover. Mrs S says she tried to obtain subsidence cover via a comparison site but was unable to do so.

Mrs S raised complaints with Insurer C and AmTrust. She felt AmTrust should offer her subsidence cover upon reasonable terms, including a reasonable premium.

AmTrust said it didn't offer subsidence cover on risks where there had been previous subsidence. It didn't believe any errors had been made.

Mrs S remained unhappy and referred her complaint to the Financial Ombudsman Service.

Our investigator didn't think Mrs S's complaint should be upheld. She said AmTrust had confirmed the policy wasn't transferred to it following the previous insurer's withdrawal from the market. She didn't think AmTrust had acted unreasonably by refusing to offer Mrs S a policy on the same terms as her previous insurer.

Mrs S disagreed with our investigator's outcome. So, her complaint has been passed to me 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.

Having done so, I've decided not to uphold Mrs S's complaint. I'll explain why.

The guidance issued by the Association of British Insurers (ABI) on continuation of cover following a subsidence claim says:

“Where there has been a recent change of insurer and the claim is being handled under the Domestic Subsidence/Heave/Landslip “Change of Insurer” Claims Agreement it would be reasonable for the customer’s most recent choice of insurer to act as the continuing insurer.

Where block transfers of business occur it would be good practice to specify how “continuing cover” cases should be handled in the transfer agreements.”

Mrs S’s representatives say it is their understanding that AmTrust purchased Insurer C’s book of business and took on its existing policyholders. They believe AmTrust failed to meet its obligations for continuity of cover in block transfers of business set out in the ABI guidance.

AmTrust says Mrs S’s policy didn’t transfer to it. It says AmTrust offered a new policy on similar but not the same terms. AmTrust did not assume the previous insurer’s liability under Mrs S’s previous policy. The only way for that to have happened would have been by way of a Court approved transfer under Part VII of the Financial Services and Markets Act 2000 and there was no Part VII transfer.

AmTrust says the broker appointed it as the new insurer for the scheme after the previous insurer exited the market. AmTrust had no relationship or agreement with the previous insurer and should not be bound by their decisions, acts or omissions.

I appreciate Mrs S feels AmTrust should provide her with continuity of cover. However, I’m not persuaded from the information I’ve seen that there was a block transfer of business to AmTrust. So, I think it was fair for AmTrust to treat Mrs S as a new business customer.

AmTrust has provided underwriting criteria which shows it wouldn’t offer subsidence cover to customers in Mrs S’s position. Insurers are entitled to decide what risks they are willing to cover. And AmTrust had no obligation to provide continuity of cover because it wasn’t underwriting the policy prior to March 2024. It simply had a request from Mrs S’s broker to provide a new policy. So, I think it was reasonable for AmTrust to exclude subsidence cover from Mrs S’s policy.

I know my answer will be disappointing for Mrs S, but I think AmTrust has acted fairly and reasonably.

My final decision

For the reasons I’ve explained, I don’t uphold Mrs S’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs S to accept or reject my decision before 23 September 2025.

Anne Muscroft
Ombudsman