

## **The complaint**

Mrs B and Mrs W have complained about the way Arthur J. Gallagher Insurance Brokers Limited (AJG) administered their residential property owners insurance policy.

## **What happened**

Mrs B and Mrs W took out via AJG a property owners policy that covered four properties. The premium was £1,808.67. Their policy only offered basic cover for unoccupied properties. When one of their properties became unoccupied, they contacted AJG to arrange separate full cover for that property. They paid the premium which was £744.74.

Instead of allowing the original policy to remain in place for the other three properties, AJG cancelled the policy. The insurer gave them a pro-rata refund of £967.94 for the cancelled policy.

AJG realised they had made a mistake and arranged fresh cover at a cost of £1,177.14 to start from the following day. AJG said it applied various discounts to bring the premium down to £922.88. AJG said it applied the refund towards the new cover and waived the balance of £209.20.

Mrs B and Mrs W complained that there was a delay in telling them about the cancellation of the old policy and a new policy being arranged. They were also given incorrect information about the amount due to them. They also had to chase AJG several times for the refund. A refund of £155.05 was eventually paid on 26 January 2024.

AJG apologised for this and offered them compensation of £200 for its poor service.

Mrs B and Mrs W brought a complaint to this service. Our Investigator recommended AJG should pay a further £150 compensation for the trouble and upset it had caused them. As AJG didn't agree, the matter has been referred to me.

## **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.

Fortunately there was no gap in cover for Mrs B and Mrs W's properties. In fact without paying any more Mrs B and Mrs W have benefitted from a policy for their occupied properties that ran for 12 months from 7 November 2023 as opposed to the 252 days remaining under the policy that was cancelled. But the fact remains that this was all done without giving them any choice in the matter. So I can't be sure it's fair to take that benefit into account when looking at compensation as it might not have been what they would have wanted.

I think AJG treated them fairly in paying the balance of the premium for the new cover for the three occupied properties. It's not clear how the refund was calculated but I think the main thing is Mrs B and Mrs W didn't have to pay any more for the replacement of their original

policy. But I won't class this as compensation for trouble and upset. To my mind it was paid to ensure that Mrs B and Mrs W didn't suffer a financial loss as a result of AJG's error in wrongly cancelling the original policy.

Based on the evidence provided it is clear that AJG compounded the original error of cancelling the original policy with failing to communicate with Mrs B and Mrs W in a timely manner about what had happened. It also failed to give them correct information regarding what was owed to or by them which ranged from a refund of several hundred pounds to an outstanding balance. I appreciate that it must have been stressful for Mrs B and Mrs W to be wrongly told they owed more money. There was a whole series of errors and poor communication which wasted a significant amount of time. I can see that Mrs W had to chase AJG for this on several occasions and didn't receive an explanation until almost five months later. They also didn't receive the new policy documents until over a month after it had been put in place.

Overall I feel that this matter dragged on for an unnecessarily long time. Looking at the effect on Mrs B and Mrs W of AJG's poor service over the period in question, I agree with our Investigator that it would be appropriate to increase the compensation offered to £350 for the trouble and upset AJG caused them during that time. It's in line with awards we've made in similar cases.

### **My final decision**

For the reasons set out above, I uphold this complaint and require Arthur J. Gallagher Insurance Brokers Limited to pay Mrs B and Mrs W a total of £350 compensation for the trouble and upset it had caused them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mrs W to accept or reject my decision before 25 February 2025.

Elizabeth Grant  
**Ombudsman**