

The complaint

N, a company, has complained about its broker Clegg Gifford & Co Limited. N believes Clegg miss-sold it a fleet motor insurance policy.

What happened

In 2023 N had a policy for its fleet of cars which was arranged via Clegg. During 2023 that insurer for that policy chose to change its business and Clegg needed to look for new cover for N for renewal, due in January 2024. Clegg made various enquiries and in January 2024 told N that it had only been able to find one possible policy, with insurer X.

N felt it wasn't given much time to decide but trusted Clegg to be offering it the best and appropriate terms for its needs. N checked with Clegg that a certain group of professionals on its client base would be covered by X. Clegg said they would but only on referral. Clegg also told N that the price of cover was £3,200 per vehicle.

In February 2024, following an enquiry, Clegg became aware and notified N that X was charging a specific sum per vehicle, not a set price for each vehicle on cover. N felt that was materially different to what it had agreed to and made it very difficult to know what it would be charged throughout the year. Clegg said N could cancel if it wasn't happy to proceed.

N remained unhappy but the policy continued. In June 2024 N made a referral for one of the certain professionals. When Clegg contacted X, X said it doesn't routinely offer cover for those professionals, and if it had known about N's clientele when the policy was arranged it wouldn't have offered cover. Clegg asked X to reconsider in the circumstances and X agreed it would not refuse cover to N for drivers of that profession. But it said they are seen as a higher risk and so it would want an additional significant excess to be applied. N was told cover could be offered, but by that time the client had gone elsewhere.

A complaint was subsequently made to Clegg. N was unhappy about the pricing, and it's since stopped paying for cover because it believes it's unfair for it to be charged based on anything other than £3,200 per vehicle. N was also unhappy about the arrangement reached for cover for certain professionals. N said it could not do business on that basis as that excess (£10,000) was unacceptable – this meant it had and would continue to lose trade. It estimated its losses for this in excess of £100,000 (based on income for the previous year). N said it had been miss-sold the policy – it should be made void from the start with any premium paid, which it estimated to be in excess of £200,000, returned to it.

Clegg told N it thought it had acted appropriately, when the issue over cover for certain professionals was highlighted, to make sure cover was available for N. But Clegg acknowledged it had given an "average" price per vehicle to N when cover was arranged, rather than an accurate value. For that it apologised and offered £250 compensation. It also acknowledged a delay in responding to N's complaint, for which it apologised and said it would pay £150 compensation.

N referred its complaint to the Financial Ombudsman Service.

Our Investigator thought Clegg had handled the renewal in a reasonably timely manner. But he was also satisfied that Clegg had failed N when arranging this cover – that it had been miss-sold to it, given significant misrepresentations regarding the price and cover for certain professionals. Our Investigator was satisfied through that N would likely still have progressed with the cover even if clear and accurate information had been given to it. But he did think that when the issue over professionals had arisen, N had lost a client as a result. Based on detail provided by N, he was satisfied that contract could have provided an estimated income of £19,500 for N. He noted N had been inconvenienced sorting everything out too. So he said Clegg should pay N £20,000 in total compensation – noting that, if it had paid any of the £400 previously offered already, that could be off-set.

Clegg accepted the outcome.

N said it disagreed with it. N said no fleet insurer offers a price based on average and that was not how the figure of £3,200 was put to it. N said, when it was told £3,200 was not the actual price per vehicle, it hadn't been able to agree the actual price for cover because it hadn't been given enough detail about what price per vehicle would be charged. It said cancelling had not been an option for it, as that would have meant it having to stop trading with immediate effect. Regarding the professional issue, N said terms for cover were only agreed late and those terms were designed to be unattractive. N said they definitely weren't what would have been offered at inception because, using a different broker, a new policy had been negotiated with X, where no referral for drivers of this profession is needed and a standard excess of just £7,500 is applicable. N thought that if Clegg had said X wouldn't offer this cover, then it could have taken that into account when deciding what cover to take – in that event N thought it could have secured a much better price as it would have been able to look for cover without including those professionals, meaning it would have been a more attractive proposition for the insurance market. N maintained that the enforced excess of £10,000 was unacceptable for it and it had turned trade away as a consequence. N said it couldn't show work was turned away, but that was not its fault. It thought Clegg had been negligent, likely fraudulent – where fraud should allow it, N said, the right to void the policy.

The complaint was referred for an Ombudsman's decision.

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 find my view is the same as that set out by our Investigator. I'd add here that whilst my background above is not brief, it is a summary of key events and points on which I'm satisfied this complaint turns. In a similar vein my findings below will not cover off every piece of evidence provided or even reference every argument raised. Rather my findings will reflect the detail key to the outcome reached.

Notice for 2024 renewal

Clearly N was not given much time to consider the renewal offer put forward by Clegg. But the insurer for cover in 2023 had removed itself from this part of the market and I accept, from the detail I've seen, that Clegg had to make multiple enquiries to find an insurer which would offer cover for N. I don't think Clegg caused avoidable delays whilst trying to find cover for N's renewal.

Pricing

Clegg has admitted that it misrepresented the price of cover when it said the premium was £3,200 per vehicle and did not explain that this was an average sum. From what I have seen I think there was a general misunderstanding by Clegg about how X was pricing cover. I'm not really sure how such a misunderstanding could have arisen – Clegg should have understood how this would work. That said I also think N should have known enough to question the price given to it by Clegg. In explaining the pricing to Clegg, X has made the point that, for a fleet of cars, some cars represent a naturally higher risk than others. So, for example, it wouldn't make sense for a small, low cost, basic family car to be priced the same as a luxury sports super car. I think even a residential policyholder would expect to be charged a higher rate by an insurer for some cars over others.

Of key note to me here though is that whilst an error was clearly made by Clegg when this policy was inceptioned, it was only a few weeks later when the error came to light. And, at that time, N was given the opportunity to cancel the cover. N was clearly unhappy about being miss-sold the policy in respect of the price. That is totally understandable. But it was made clear to N, at that time, what the actual price would be. At least as far as the fact there was no single price for all cars anyway. N was given three prices across four categories of car. Although it was not told exactly which cars might fit into which category – it knew the price of £3,200 per vehicle was not correct. N was given a choice, at that time, to move ahead based on that amended pricing detail, or cancel the cover. N did not choose to cancel the cover.

I appreciate N has said it could not cancel cover. But I'm not persuaded by what N says in this respect. It was always open for N, at the point that it was told about the pricing, for it to shop around and make arrangements to move its cover elsewhere. I think something like that would likely have been accommodated here by Clegg/X. It was not reasonable, in my view, for N to have continued on with cover whilst expecting Clegg to cover the cost of any premium over and above the £3,200 price per vehicle quoted. If the 'error' had only come to light at the end of the policy year, after unexpected costs had been incurred, and which N had been unable to avoid because of Clegg's error, then my view might be different. But that is not what happened here.

N has asked how could it possibly trade as normal through the year, buying cars to add to its fleet when it wouldn't know what price they would be charged at. I think N, like any policyholder, could make enquiries with Clegg/X, when its looking to buy a car to enquire what the cost for adding that will be. That seems like a reasonable act of a prudent insured.

To be clear, as I've said, Clegg failed N over the price of cover. And it seems to me that was an error which an expert could and should reasonably have avoided. I just don't agree with N about what is fairly and reasonably required to put matters right ie that the policy should be made void with all premiums being returned. I will take the inconvenience N was caused by dealing with this error into account when considering compensation.

Certain professionals

Clegg admitted to X that it had made a mistake regarding this when arranging cover with N. Clegg said to X that its staff member recalled asking someone at X if these professionals were covered and they were told they were. But nothing was formalised in writing between Clegg and X, with Clegg then going on to confirm in writing to N that these professionals would be covered on referral to X. It was only in June 2024 – when N first needed cover for one of these professionals that year, that Clegg became aware that X would not offer cover in that respect. In fact the first detail received by Clegg from X on this aspect was in a quite serious tone – from X's perspective, it not having been told about N's clientele would equate to a breach of fair presentation. Had X pursued that avenue, and given Clegg could not evidence that it had told X about the clientele, the repercussions for N could have been quite serious.

Of course, X did not pursue that avenue, Clegg talked it around. That was part of what Clegg needed to do to put matters right for N. Clegg also sought to 'reset' matters as far as the cover for these professionals went – it persuaded X to offer cover. In doing that Clegg was again 'putting right' the error it had caused. It had told N it could have cover upon referral, and it then secured that position for N.

That was only secured six-months after the policy inception – but to that point N hadn't been affected, this was the first referral for a professional that it had made. I can't reasonably blame Clegg for hypothetical loss which could have occurred but did not. However, given what Clegg had said at inception, N was reasonably expecting this client, referred in June, to be accepted in short order. When that didn't happen, the client went elsewhere. So I'm satisfied that loss was a direct result of the error Clegg had made.

Because the June client went elsewhere before terms could be agreed, it isn't known for sure what period they would have contracted for or at what price. However, I've seen detail about the contracts N often agrees and the income which results. Our Investigator shared some of that detail in his views, so Clegg has had the chance to consider it and I note it agreed the sum our Investigator suggested, which was based on that detail. It wouldn't be appropriate for me to include that detail again here in a decision which will be published. Suffice to say that I'm satisfied that it's fair to think that Clegg's error impacted N and a reasonable estimate for its likely resultant loss is £19,500 (£650 a day over 30 days).

I know N has looked at what its income from this profession was the year before, and thinks it should be accepted that, but for Clegg's error, the same could have been achieved again in 2024. However, I am satisfied that Clegg's efforts in June reasonably reset the situation to as close as possible to what it would have been at inception had the matter been handled properly. Had Clegg found out that X would not offer cover, I think it would likely have had a similar conversation with X at that point as it eventually did in June 2024 and the additional cover, on referral with a £10,000 excess would have been agreed. I also think N would have agreed that at that point. N's view now on what it would have done then is subjective and, with respect, clouded by the whole unsatisfactory position which arose. As N said, when inception occurred, it trusted Clegg was handling matters well for it and securing the best option of cover available.

I note that whilst N says an excess of £10,000 was entirely unacceptable to it in June 2024, it was happy to agree an excess of £7,500 in 2025. The fact that N, via a different business arrangement, in 2025 was able to secure this arrangement for these professionals from X does not mean that is what would/should have been offered to it in 2024. Simply put not only does underwriting change, underwriting covers for different policies and/or different business arrangements often exist.

After Clegg sought the amendment to the cover from X in June 2024, N chose to view the £10,000 excess as unacceptable to it. It explained it made a business decision at that time to no longer look for or take referrals for trade from that profession. I can't reasonably place that decision by it at Clegg's door and use that to say Clegg must therefore reimburse N for trade it thinks it might well have had if a £10,000 excess had not been applied (or if it hadn't chosen to view the £10,000 excess as unacceptable).

Compensation

The Financial Ombudsman Service can require respondent businesses to pay compensation non-financial loss which is caused by their failures. It wouldn't be for us to judge if those failures had been fraudulent acts and, to be fair, the intent behind the act is not really what's important to us. We're concerned with putting matters right, including assessing the impact of those failures (why so ever they occurred) on the policyholder.

Here I've found that Clegg failed N – it made misrepresentations to N when the policy was being arranged in respect of price and cover for certain professionals. I'm satisfied that its error in both these respects caused N inconvenience, suffered over a period of several weeks at least, because N had to undertake a lot of extra work and enquiries with Clegg in order to resolve and/or understand matters.

In line with our guidance on compensation awards of this nature, I think Clegg should pay N £500. I think that is fair and reasonable in the circumstances.

Putting things right

I require Clegg to pay N:

- £19,500 as compensation in recognition that its error's likely caused N a loss of customer in June 2024.
- £500 compensation – if any of this sum has been paid already, only any outstanding amount now needs to be paid.

My final decision

I uphold this complaint. I require Clegg Gifford & Co Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 12 June 2025.

Fiona Robinson
Ombudsman