

## **The complaint**

Mr A complains in his capacity as director of a limited company, (which I'll refer to as "S"), that Keighley Broking Services Limited trading as Coversure ("Coversure") made a misrepresentation to an insurer on behalf of S when it arranged S's building insurance policy. This resulted in the insurer declining a claim and avoiding the policy (treating it as though it never existed).

## **What happened**

In 2023, there was a fire at S's premises. A claim was made under S's building insurance policy – which had been arranged by S's broker, Coversure. During the course of its investigations, the insurer found that a misrepresentation had been made in relation to the financial background of S's director, Mr A, when Coversure had arranged the policy.

The insurer said that if it had known Mr A had been the director of a separate company which had CCJs entered against it, and had also been the director of another company which had been liquidated, it wouldn't have offered cover to S on any terms.

It asked S to provide further information, which it did – but the insurer didn't change its mind and it avoided the policy. It said S hadn't made a fair presentation of the risk, which was required of it when taking out commercial insurance, and that the insurer was therefore entitled to treat the policy as though it never existed, refunding the premiums S had paid.

Mr A didn't think the insurer's decision was fair, so he made a complaint to both the insurer and to Coversure. He said S had provided a fair presentation of the risk when disclosing all the relevant information to its broker.

The complaint about the insurer has been considered separately. Coversure said, in response to the complaint about how it had answered the questions the insurer had asked when it arranged the policy, that it had provided full disclosure so the insurer shouldn't have avoided the policy. It gave S details of the question it had been asked about any adverse financial history and said it believed it had answered the question correctly.

Mr A referred S's complaint to this service. He said he was open and honest about all material facts and that either the insurer or the broker should cover the loss he'd suffered.

Our Investigator considered the complaint and thought it should be upheld. He said it was clear from the questions that the insurer wanted to know about any County Court Judgements (CCJs), convictions or insolvencies involving either the potential policyholder or named persons and that under the relevant legislation, the broker should've also disclosed information that had been shared with it about other associated companies, as this would've influenced the insurer's judgement about the risk.

Coversure didn't accept our Investigator's opinion, so the complaint has now come to me 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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence Mr A and Coversure have provided. Instead, I've focused on those I consider to be key or central to the issue in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm upholding this complaint. I'll explain why.

The policy Coversure arranged for S was a commercial Property Owners Insurance Policy. The relevant legislation for me to consider is therefore the Insurance Act 2015 ("the Act"). Under the Act, commercial policyholders have an obligation to volunteer the right information to an insurer when taking out a policy, i.e. they have a duty to make a fair presentation of the risk. This means a commercial customer has to disclose either:

- Everything they know, or ought to know that would influence the judgment of an insurer in deciding whether to insure the risk and on what terms; or
- Enough information to put an insurer on notice that it needs to make further enquiries about potentially material circumstances.

I've checked the Statement of Fact to understand what information was provided and from this document, I can see that the following statements had been confirmed to be accurate:

*"You, the Proposer or any named persons on this policy have not been:*

- *Convicted of or charged (but not yet tried) with any offence other than driving offences:*
- *The subject of a County Court Judgement (or Scottish equivalent):*
- *Declared bankrupt or are subject to bankruptcy proceedings, any voluntary or mandatory insolvency:*
- *Declined or refused insurance cover or had cover cancelled in respect of any covers to which the insurance relates:*
- *The subject of a recovery action by customs and excise or the Inland Revenue:*
- *Prosecuted within the past 5 years or served prohibition or improvement order under Health and Safety legislation."*

Coversure confirmed the above statements were accurate when it answered the following question during the application process:

*"Has the Proposer or any Person named on this policy ever been convicted of or charged (but not yet tried) with any offence other than driving offences, been the subject of a County Court Judgement (or Scottish equivalent), been declared bankrupt or are subject to bankruptcy proceedings, any voluntary or mandatory insolvency, ever been declined or refused insurance cover or had cover cancelled or subject to terms in respect of any covers to which the insurance relates, ever been the subject of a recovery action by customs and excise or the Inland Revenue, within the past 5 years been prosecuted or served prohibition or improvement order under Health and Safety legislation?"*

Coversure says it answered "No" to this question because neither S as the proposer, nor its directors, had been the subject of a CCJ, had been declared bankrupt or were subject to bankruptcy proceedings. I can appreciate Coversure's position, but I don't agree. Coversure

was asked whether the “Proposer or any Person named” on the policy had ever been the subject of any CCJs – and I think Coversure would’ve known from this that other information it held about S was material. I consider the intention behind that question was to find out any adverse financial information about the directors or other companies those individuals may have been associated with. And as an insurance broker, Coversure should also have been aware that the Act requires a commercial policyholder to disclose all information an insurer would consider material, unless it diminishes the risk to the insurer, or the insurer already knows about it or ought to know about it.

So I consider Coversure should’ve understood that any information about CCJs or other relevant proceedings against S or its directors would’ve been material and would’ve affected the insurer’s assessment of the risk. If the CCJs related to the relevant individuals’ roles with other companies, or other companies in which they held directorships had CCJs against them, Coversure should’ve disclosed that information under the terms of the Act. It therefore should’ve disclosed that individuals named in the policy had previously been directors of a company which had several CCJs, as this would’ve affected the insurer’s assessment of the risk, or at the very least, put the insurer on notice that it may need to make further enquiries about potentially material circumstances.

It follows therefore, that I don’t consider a fair presentation of the risk was made here. I’ve seen evidence that S provided details of the relevant adverse financial history to Coversure – and it was Coversure’s decision not to pass this information on at the application stage. So the failure to make a fair presentation of the risk to the insurer was due to Coversure’s actions. I’m therefore going to require Coversure to indemnify S for its losses in relation to the declined claim.

I also consider there to have been inconvenience and disruption caused to S’s business, as a result of Coversure’s non-disclosure, for which S should be compensated. As the fire claim was made in 2023, a considerable amount of time has been spent on trying to sort things out, which I’m satisfied has affected S’s day to day operations. I can’t compensate S’s directors personally as they are separate from the legal entity that is the policyholder in this case, and the legal entity cannot experience distress as a limited company. But I think £750 is a fair and reasonable amount of compensation, as this reflects the fact that considerable effort would’ve been diverted away from S’s normal activities in order to pursue this complaint and deal with the claim decline.

I’ve considered all the points Coversure has made, including that another broker should also be held responsible. However, I can only decide the complaint before me which is about Coversure’s actions – and it’s up to S to make a complaint about any other financial business and any such complaint would be considered separately.

Coversure has said that the Act placed a duty of disclosure on S, not on Coversure. But in the circumstances of this complaint, it was Coversure that arranged the policy whilst it was acting on S’s behalf and Coversure which was therefore responsible for the non-disclosure.

### **Putting things right**

Keighley Broking Services Limited trading as Coversure should:

- Agree an amount with S for S’s losses in relation to the claim.
- If an amount cannot be agreed, then it should give S a choice of three independent loss adjusters from which S can choose. It should then appoint and pay for S’s chosen loss adjuster, which it should instruct to assess the claim to determine which losses are covered under the terms and conditions of the policy.

- Pay the amount that would've been payable under the policy according to the loss adjuster (or by agreement), together with 8% simple interest per annum from the date the loss was incurred until the date of settlement.
- Issue a letter to S which explains that neither S nor its directors are liable for the avoidance of the policy, or any misrepresentation or non-disclosure.
- Pay S £750 compensation for the inconvenience caused.

### **My final decision**

My final decision is that I uphold this complaint and I direct Keighley Broking Services Limited trading as Coversure to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 22 July 2025.

Ifrah Malik  
**Ombudsman**