

The complaint

Mr M complains about the advice given by the Alan Stevenson Partnership Ltd and says it was responsible for his property being underinsured.

What happened

Mr M had a landlord's insurance policy for the two properties, which he let to tenants. The policy renewed in March each year. It was sold by the Alan Stevenson Partnership, which is a broker, and underwritten by an insurer.

In January 2023 Mr M contacted the Alan Stevenson Partnership to obtain insurance cover for a third property and was advised to add it to the existing policy. There was a small additional premium to cover the remainder of that policy year.

In March 2023 the policy renewed, with all three properties covered.

In February 2024 there was a fire at the third property. When Mr M made a claim in relation to the damage the insurer said the property was underinsured, because the reinstatement value was £182,000 but the figure Mr M had given was £125,000. So the claim was not paid in full.

Mr M complained that the Alan Stevenson Partnership hadn't advised him properly about the rebuild value. The Alan Stevenson Partnership said:

- Its service did not include assisting or setting rebuild valuations, and it wasn't in a position to do that.
- The policy documents sent to Mr M explained what his responsibilities were and the need for him to provide the correct valuation.

Mr M referred the complaint to this Service but our investigator didn't think it should be upheld. She said Mr M had been given information explaining that, as a commercial customer, it was for him to provide accurate information about the reinstatement valuation. She didn't think the Alan Stevenson Partnership was responsible for any underinsurance.

Mr M disagrees and has requested 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.

In this decision, I'm not considering the way the claim was dealt with by the insurer. I'm only considering whether there was any fault by the Alan Stevenson Partnership when it advised Mr M.

The Alan Stevenson Partnership is a broker. It didn't provide the insurance, which was underwritten by an insurer, but it was responsible for the sale of the policy.

This was an advised sale, which means when advising Mr M about the insurance the Alan Stevenson Partnership had a number of duties under the relevant rules and guidance. These included the need to:

- assess his demands and needs and recommend a policy that was consistent with those demands and needs; and
- ensure the suitability of its advice.

Any information provided to Mr M should have been clear, fair and not misleading.

So the Alan Stevenson Partnership had to provide clear information to Mr M and ensure the policy it sold was suitable for him – but this was based on the information he provided. This was a commercial policy. Under the relevant law (the Insurance Act 2015) Mr M had a duty to disclose either:

- everything he knew, or ought to have known, that would influence the insurer's judgment in deciding whether to insure the risk and on what terms; or
- enough information to put the insurer on notice that it needed to make further enquiries about potentially material circumstances.

The Insurance Act says the policyholder “ought to know” what should reasonably have been revealed by a reasonable search of information available to them. So the policyholder should take reasonable steps to check any available information and consider if there's anything they ought to disclose.

Mr M was sent the insurer's policy documents, including a statement of fact, which included the reinstatement value, and was asked to check these carefully. An insurer doesn't need to ask a commercial customer questions – it's entitled to expect them to provide relevant information, such as the sum insured. So the starting point is that Mr M should have provided an accurate figure for the reinstatement value.

Mr M has made a number of points, including that:

- there was a surveyor's report when he bought the property, but that was some years ago and would no longer be relevant;
- he is not an expert and the average person can't be expected to know how to calculate the valuation; and
- there is a tool that brokers can use and the Alan Stevenson Partnership should have used that – it was supposed to advise him about these things.

I appreciate Mr M expected the Alan Stevenson Partnership to advise him on what was an appropriate policy for his needs. But any recommendation was based on the information he gave. It didn't offer him a valuation service and I wouldn't generally expect an insurance broker to step outside its own area of expertise.

Mr M initially contacted the Alan Stevenson Partnership by phone to discuss the third property. Following that call, the Alan Stevenson Partnership emailed him saying:

“Further to our telephone conversation earlier today, having looked at the options for cover the best option on this occasion is to add the property to this current cover until the renewal date...”

I recommend that you read through the enclosed documentation to ensure it fully meets with your requirements”.

It's not entirely clear where the figure of £125,000 came from. But the documents provided to Mr M required him to give the reinstatement valuation – and included an explanation of what this meant. So the documents steered him to give the rebuild cost and, as a commercial customer, it's reasonable to expect him to have understood what he needed to do.

I appreciate Mr M says he's not an expert. But he is running a commercial enterprise and owns a number of properties. The onus was on him to provide accurate information. It wasn't for the Alan Stevenson Partnership to use the tool that Mr M has referred to or calculate the reinstatement cost for him.

In addition to the legal requirement to give a fair presentation of the risk, he was specifically asked to check the value. And if he didn't know what that was, it was for him to take reasonable steps to check any available information, which in this instance would include seeking an accurate valuation. If he wasn't able to do the calculation himself, it was reasonable to expect him to ask a surveyor or other professional to estimate it for him.

This applied both at the point when he added this property to the insurance and again when he renewed the policy a few months later. At that point, he was again provided with the statement of fact and policy documents, asked to check them, and warned about the consequences of the sums not being adequate.

Mr M was warned about the need to give a fair presentation of risk; told to check the information carefully; and warned that if the values he selected were not adequate, this would result in a reduction of the amount to be paid if he made a claim.

Taking all of this into account, I don't think the Alan Stevenson Partnership was responsible for any underinsurance that may have led to the claim settlement being reduced.

My final decision

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 August 2025.

Peter Whiteley
Ombudsman