

## **The complaint**

Mr N complains that Countrywide Principal Services Limited trading as Countrywide Insurance Services mis-sold a rent protection insurance policy to him and that it later cancelled the policy.

## **What happened**

In March 2024, Mr N took out rent and legal protection insurance through Countrywide. He says Countrywide informed him that he would be covered if his tenant failed to pay the rent and he'd be paid 50% of the unpaid rent the following month and the full amount for subsequent months if the case went to court.

Mr N received a rent payment directly from the tenant in April 2024. He later said he wanted to make a claim on the policy as the tenant was in arrears. Countrywide sent him a questionnaire in June 2024 to start the claim.

When Mr N chased about the claim, Countrywide said

- the claim wouldn't be covered because the policy doesn't cover claims within the first 90 days of the policy; and
- his policy was invalidated because he had accepted rent directly from the tenant.

Mr N complained to Countrywide that the policy was mis-sold, as he wasn't told about the 90-day exclusion, and he wasn't told that receiving rent from the tenant directly would invalidate the policy.

Countrywide said the policy wasn't mis-sold as it didn't give advice about the sale, and it had provided the documents Mr N needed, to decide whether the cover was suitable for him.

When Mr N referred the complaint to this Service, our investigator said

- The information in the policy documents provided to Mr N was clear and the policy wasn't mis-sold.
- But the policy terms don't say Mr N will breach the policy if he accepts rent directly from the tenant. And Mr N told Countrywide he had received the rent and wasn't told there was a problem with this. So it wasn't fair to cancel the policy.

The investigator asked Countrywide to reinstate the policy and pay compensation of £250.

Countrywide disagreed and provided further comments, confirming its view that it's a condition of the policy that rent must be paid to Countrywide, not directly to the landlord. Countrywide also said if the policy was reinstated, the claim wouldn't be covered anyway as the arrears were within the 90 day period at the start of the policy.

The investigator didn't change her view. She said the claim might still be declined, but cancelling a policy can cause a significant impact to the insured person because they need to declare it to future insurers and it may affect their ability to obtain insurance.

As no agreement has been reached, I need to make a 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.

Countrywide doesn't provide the insurance, which is underwritten by an insurer. But it sold the policy to Mr N and made the decision to cancel the policy. I've considered how it dealt with each of these matters.

I've taken into account relevant industry rules, under which firms have a duty to give consumers the information they need at the right time and in a way they can understand, so they can make good financial decisions, without having key information buried in lengthy terms and conditions. And the information should be clear, fair and not misleading.

With regard to the sale, Countrywide didn't provide any advice to Mr N. It provided the relevant documents to him, including the policy terms and the Insurance Product Information Document ("IPID"), which provides a summary of the key points in the policy. I'm satisfied Mr N was given the information he needed, and indeed he's accepted this.

The issue that's still in dispute concerns the cancellation of the policy. Having considered this carefully, I don't think it was fair to cancel the policy, for the following reasons:

- Countrywide says it cancelled the policy on the basis that the tenant appeared to be paying rent directly to Mr N, which was in breach of the policy conditions, and also that he couldn't claim on the policy.
- The policy terms include the following:

*"You must comply with the following conditions to have the full protection of Your policy. If You do not comply with them, We may, at Our option, cancel the policy, refuse to deal with Your claim or reduce the amount of any claim payment"*

- This doesn't mean any breach will automatically lead to the policy being cancelled. It's discretionary, and any discretion should be exercised reasonably.
- Countrywide says Mr N was in breach of a policy condition. The welcome letter was sent to Mr N on 17 April confirming the policy started that day. This enclosed the policy terms and said these should be kept with the documents sent previously.
- At the point when the April rent was paid to Mr N, the policy hadn't started. I don't think it can be fair to hold someone in breach of a policy term before the policy starts or before they have received all the policy documents.
- Even if I'm wrong about that, I still need to consider whether there was a breach of a policy condition and, if there was, whether it was fair to cancel the policy.
- The condition Countrywide has referred to says:

*"If the Insured Person receives payment or part payment of Rent Arrears from The Tenant at any time following notification of a claim, We must be notified. Any part payments received must be applied against the earliest Rent Arrears. If We have already made a payment in respect of Rent Arrears the Insured Person must repay the sum received to Us immediately."*

- Countrywide says this means the rent should not have been paid directly to Mr N and if he received any rent, he should have passed that over. It cancelled the policy on the basis the tenant appeared to be paying rent directly to Mr N and also that he couldn't claim on the policy.
- But the condition says Mr N must notify the insurer if he receives payment of arrears "*following notification of a claim*". And it requires him to repay any arrears he has received "*If We have already made a payment in respect of Rent Arrears*".
- At the point when he received the rent payment in April 2024, neither of those things had happened - he hadn't made a claim and the insurer hadn't made any payment.
- In addition, as Mr N has pointed out, the policy states if a payment has been received "*We must be notified*" – and he did notify Countrywide of the payment. Countrywide has disputed this, but the email correspondence I've seen includes an email from Countrywide acknowledging Mr N's email about receiving the rent and said, "*Ok that's not an issue I will sort out the arrears issue on our side to show that they are not in arrears*". Mr N was not told he needed to do anything further.
- Mr N wasn't told he needed to repay the rent. Nor was he told that if he received any further payment of rent from the tenant he should repay that.
- I don't think Mr N was in breach of the condition but even if he was, he told Countrywide he had received a payment of rent and Countrywide did not say there was any problem with this or ask him to forward the payment – either at that point or later on, after he had tried to claim.
- The policy terms do allow the policy to be cancelled in some circumstances where rent is paid directly. But I'd expect a firm to tell a policyholder about anything significant, that restricts cover. This didn't happen. As far as Mr N was aware, everything was in order.
- Ultimately, it's the insurer that is responsible for any claim on the policy (even if Countrywide handles claims in its behalf). If Mr N proceeds with the claim, it might still be declined. But that doesn't mean it was fair to cancel the policy and prevent him from making any claim.
- Cancelling a policy can have a significant impact. Countrywide has said cancellations are not recorded on any external databases and so would not have an impact on Mr N getting other insurance. Even so, he would likely have to declare a cancellation when taking out another insurance policy and it may make it harder for him to obtain insurance.

Having the policy cancelled was upsetting for Mr N and caused him some inconvenience having to deal with this. He's explained his difficult circumstances and the impact on him of not receiving the rent that was due. Countryside wasn't responsible for the rent not being paid and there's no guarantee a claim on the policy would be successful. But its actions made a difficult situation worse and it's fair the Mr N should be compensated for that.

### **My final decision**

I uphold the complaint and direct Countrywide Principal Services Limited trading as Countrywide Insurance Services to:

- reinstate the policy and remove any record of the cancellation from any internal or external databases; and
- pay compensation of £250 for the distress and inconvenience caused to Mr N.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 20 June 2025.

Peter Whiteley  
**Ombudsman**