

The complaint

Mr J complained that his broker, A plan holdings (“A plan”) mis-sold his home insurance policy.

What happened

Mr J made a claim to his insurer when a suction handle near his bath lost its grip, fell onto the hot tap at an angle and caused it to “turn on”. Mr J was on holiday at the time, so the tap was running for a long time. Mr J said he could see from CCTV that his boiler had been emitting steam from the extractor vent for at least six days. Mr J said his home was full of steam and was damp. He claimed against his insurer for the damage caused.

Mr J’s insurer declined the claim as it said Mr J had not taken out additional accidental damage cover with his policy. Accidental damage cover required an additional premium to be paid.

Mr J is unhappy as he thinks A plan (his broker) didn’t correctly advise him what accidental damage cover would provide. Mr J didn’t think he was able to make an informed decision when renewing his policy in 2024 (the year of his claim), as he didn’t receive a policy booklet.

A plan said it didn’t think it had mis-sold the policy but did think it hadn’t met its expected service standard in all areas, so it paid Mr J £250 for the distress and inconvenience caused.

Our investigator decided not to uphold the complaint. He thought whilst A plan could’ve explained accidental damage better and better administered the policy, he didn’t think it would’ve made a difference to Mr J taking out accidental damage cover. So, he didn’t think Mr J had lost out. Mr J disagreed, so the case has been referred to an ombudsman.

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 the complaint is one about a mis-sale, I’ve reviewed what happened during the sales journey. From reviewing the evidence, I think both parties agree on what happened. I’ve summarised this chronologically:

- Visited branch in 2019, purchased buildings only insurance policy with insurer x, policy documents were shared
- Policy was renewed with insurer x, in 2020, 2021 and 2022
- In 2023, A plan called Mr J in relation to his 2023 renewal. It asked him if he wanted accidental damage cover included. Mr J queried what this was. A plan explained *“Any unintentional human error which causes damage to the building. For example, putting a painting on the wall and put[ting] a hammer through it”*. Mr J responded *“No, No, No”*.
- Mr J provided instruction to renew, and policy documentation was shared with guidance for Mr J to check it

- In 2024, Mr J was sent an invite to renew his cover (on similar terms), but with a different insurer, Y. A plan recommended Mr J go with insurer Y if his requirements were unchanged.
- Mr J accepted the new policy. A summary "IPID" document was shared with Mr J but not the full policy documents.

I've considered this range of events and considered what I think should've happened.

I think during the 2023 renewal, as Mr J had asked what accidental damage cover was, A plan would have provided a better service if it had quoted the actual policy definition from the policy booklet. Whilst the example of accidental damage given is correct, it is slightly narrower than the definition in the policy document.

I think in 2024, when the policy was accepted, it's normal for the broker to provide access to all the insurance documents and not just the summary "IPID" document.

A plan has acknowledged that in these areas its service had dropped below a reasonable standard. It paid Mr J £250 compensation for the distress and inconvenience this may have caused.

However, I need to consider whether Mr J has lost out because of the errors by A plan.

Mr J is unhappy as he thinks A plan didn't correctly advise him what accidental damage cover would cover him for and he didn't think he was able to make an informed decision when renewing his policy in 2024, as he didn't receive a policy booklet. Mr J has since had his claim declined with his insurer as he didn't take out accidental cover. So, Mr J feels he's lost out, because if he had paid for this type of cover, it's likely his claim would've been fully settled.

However, I also need to consider whether I think Mr J would've acted differently if A plan had correctly followed all the steps I would expect.

I can't be 100% certain, but I think on the balance of probabilities I don't think Mr J would've acted differently if he had been quoted the exact definition in the policy booklet or if he had received the policy booklet in 2024. I'll explain why I'm not persuaded Mr J would've acted differently.

I've listened to the call for the 2023 renewal, where A plan explained to Mr J he didn't previously have accidental damage cover. I heard A plan give the narrower definition of accidental damage when asked, but even before A plan finished the sentence, Mr J spoke over the call handler saying "*no no no*".

I think this provides strong evidence that Mr J wasn't interested in this type of cover. I think if A plan had used the actual definition "*an identifiable incident of unexpected and unintended damage caused by sudden and external means but not through wear and tear breakdown or malfunction*" instead of the narrower definition it did use, I don't think it would've made a difference to Mr J's choice. The example of hammer put accidentally through a painting would still have been applicable.

I appreciate Mr J has said he wasn't able to make an informed decision. However, I don't think the different information would make a difference. When renewing in 2024, Mr J didn't want any changes to his policy or did have any new requirements. He'd had opportunity to review the same policy documents when renewing in 2023 and didn't raise any issues with A plan with what was included. So, when he didn't receive the detailed policy document in 2024, which would've had the same information, I don't think Mr J would've raised any issues. Mr J has acknowledged to our service, that it was unlikely he would've read the

document if he'd received it.

As I don't think Mr J would've opted for accidental damage cover and paid the higher premium, even if A plan had followed the process I would've expected. Then I don't think Mr J has lost out. As his claim with his insurer would still have been declined. Therefore, I don't uphold this complaint.

However, as Mr J's broker, I do think A plan should be following a better process. But, I think the £250 compensation that A plan has already paid is reasonable in the circumstances of this complaint, as Mr J felt he wasn't able to make an informed decision. I know this will be disappointing for Mr J, but I can't punish A plan for mistakes when I don't think the impact has not had a direct financial loss on an individual.

My final decision

My final decision is that I don't uphold this complaint. I don't require A plan holdings to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 21 May 2025.

Pete Averill
Ombudsman