

The complaint

Mr H complains that Great Lakes Insurance UK Limited has stopped offering subsidence cover on his buildings insurance policy.

What happened

The circumstances aren't in dispute, so I'll summarise the background:

- Mr H took out a buildings insurance policy through an insurance broker, B, to cover his residential landlord property. It included subsidence cover and renewed annually. It was initially underwritten by an insurer, A.
- Great Lakes became the underwriter at the 2019 or 2020 renewal, it's unclear which. Mr H discovered crack damage to the building and made a claim. I understand he got in touch with B about it and, due to the timing of the damage, A accepted the claim.
- The Great Lakes policy renewed annually, including subsidence cover, until 2024. Ahead of that renewal, Great Lakes told B it wouldn't offer subsidence cover on the policy. B passed that information on to Mr H.
- Mr H complained about the withdrawal of subsidence cover. He said he'd been unable to find subsidence cover with any other insurer, despite approaching specialist providers. And he thought guidance provided by the Association of British Insurers ("ABI") about continued subsidence cover meant cover shouldn't have been withdrawn.
- A final response was issued on behalf of Great Lakes. It said its underwriting system changed in 2024 and that meant the postcode for the property was excluded for subsidence cover – regardless of the ongoing subsidence claim. It also said that, as it wasn't dealing with the claim, it wasn't able to offer subsidence cover.
- Our investigator thought Great Lakes had acted fairly in the circumstances.
- Mr H disagreed and asked for his complaint to be referred to an Ombudsman, so it's been passed to me.

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.

- This complaint is solely against Great Lakes and its decision to withdraw subsidence cover at the 2024 renewal. So that's what I'll focus on.
- I won't be able to consider the actions of any other party, such as A or B, as part of this complaint. Mr H is entitled to make separate complaints about any other party as he wishes.

- In a nutshell, Mr H has been unable to find subsidence cover for his property. He'd like Great Lakes to provide that cover, as it did so for a number of years.
- Generally, it's for each insurer to decide what risks it's prepared to cover. And it's entitled to change its position over time. Just because an insurer provided certain cover to a policyholder one year, it doesn't usually mean it's required to do so again another year. In most cases, a policyholder can turn to the wider insurance market to find a policy. This is the general position and it reflects a competitive, free market.
- However, there are some circumstances in which the position is different. As Mr H has found, with an ongoing or recent subsidence claim, it can be very difficult for a policyholder to find an insurer willing to offer subsidence cover.
- That's why the ABI provides guidance to insurers in these circumstances. In summary, if an insurer deals with a subsidence claim for a policyholder, the guidance says it's usually good practice for the insurer to offer continuous buildings insurance, including subsidence cover.
- There are a number of caveats to that guidance, but the broad aim is to support policyholders to access continued subsidence cover. And it places the onus to provide this cover on the insurer responsible for the claim – not on any other insurer to step in and provide cover.
- In Mr H's case, it's agreed that Great Lakes isn't responsible for dealing with the claim – A is. So, the ABI guidance doesn't apply to Great Lakes for this reason. There may be other reasons too, but one reason is sufficient.
- The general position I outlined above means Great Lakes has no obligation to continue offering cover, just because it has done so before. The only way I think that position could be altered in the circumstances of this complaint is if the ABI guidance applied to Great Lakes – but it doesn't. So the general position is unaltered, and Great Lakes is free to decide what risks it's prepared to cover.
- Great Lakes is nonetheless required to treat Mr H fairly and reasonably. So I've thought about why it withdrew subsidence cover. If, for example, it had treated him differently to other policyholders in a similar position, I might not be satisfied it had treated him fairly and reasonably.
- Great Lakes has said its underwriting system changed prior to 2024. That meant where it previously saw the property postcode as a sufficiently low subsidence risk, it then saw it as too much of a risk. I'm satisfied that's the case. And I think it showed Great Lakes took the same approach to any policyholder who lived in a postcode that moved from lower to higher risk – not just Mr H.
- I recognise Great Lakes has also told Mr H it withdrew subsidence cover due to the claim with A. I'm satisfied that's the case and is something Great Lakes would usually do for any policyholder with a previous subsidence claim. So, again, Mr H has been treated consistently with other policyholders.
- Great Lakes may have been able to withdraw subsidence cover sooner. But I don't think that would have been advantageous to Mr H – he benefitted from subsidence cover, when most insurers wouldn't offer it, for several years. So I won't find Great Lakes at fault for not withdrawing cover sooner.

- Mr H has said there's nothing preventing Great Lakes from offering subsidence cover. That may be the case in one sense – it *could* offer subsidence cover if it chose to. But, for the reasons given above, it's entitled to reconsider the risk of doing so and has decided the risk is too high. And, even if I put that relevant point aside, I must bear in mind that just because it *could* offer cover, doesn't mean it *should* do so.
- Overall, for the reasons given above, there's no reason why Great Lakes *should* offer subsidence cover. So I simply can't find it's acted unfairly. In these circumstances, I won't require Great Lakes to offer subsidence cover.

My final decision

I don't uphold this complaint.

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

James Neville
Ombudsman