

## **The complaint**

Mrs B complains SEIB INSURANCE BROKERS LIMITED trading as Lansdown Insurance Brokers ("LIB") treated her unfairly when brokering her home insurance policy which she says has led to her suffering a significant financial loss.

## **What happened**

LIB was Mrs B's insurance broker, and it arranged her home insurance. In late 2023 her home was impacted by landslip. The insurer accepted the claim, but the settlement didn't fully indemnify Mrs B because she was underinsured. Mrs B holds LIB responsible for this.

LIB didn't accept it was responsible for Mrs B being underinsured. Mrs B remained of the view it was, so she asked our Service for an independent review. The Investigator didn't recommend that the complaint should be upheld. Mrs B disagrees, so I must decide.

## **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.

LIB had been Mrs B's household's insurance broker for many years. In mid-2020 her home insurance was due for renewal. LIB was responsible for sourcing and recommending to Mrs B a policy suitable for her needs and providing her with enough information to make an informed decision about that policy.

I have reviewed email correspondence between the parties from June and July 2020. I won't include the emails in full as both parties have access to them. But I will include a summary of the emails I consider most material to this complaint, as well as specific extracts from these which I consider materially relevant.

- Quotes from two insurers (which I'll call "C" and "P") were put to Mrs B. She said C's quote (with unlimited buildings and contents cover, for £2,071) was preferable to P's quote (with £570,500 buildings cover and £122,900 contents cover, for £2,175).
- However, following some amendments over the number of bedrooms, property ownership and construction, both quotes increased, making C's cost over £2,500, whereas P's quotes were £2,175 or £2,266 (depending on the excess chosen).
- LIB said P was the best option and asked Mrs B what excess she wanted. Mrs B said she thought she should go with P with an excess of £250 for £2,266. LIB then issued the renewal documents. The buildings sum insured was £570,500.
- There was some further back and forth and then Mrs B raised concerns about the buildings sum insured.
  - o Mrs B to LIB on 3 July 2020:

*“My only other concern was the accuracy of the re-build cost. I did do a check on the BCIS website but it did not cover for the size of the house. Is there a big difference if it was raised to say £750k to be on the safe side?”*

- LIB to Mrs B on 6 July 2020:

*“I think maybe the current amount could possibly be a little low but I am not an expert in confirming the actual buildings sums insured.*

*Shall I go back to [P] and ask for quotes up to £700,000 and £750,000.*

*Have you got any details of surveys or when you first purchased it what the sums insured was worth then?”*

- Mrs B to LIB on 6 July 2020:

*“My husband was an architect so I am sure that the initial rebuild costs submitted were in-line at the time. In 2007 the Buildings Sum Insured was £400,400. The house is very well built and as far as I know the foundations were piled, the whole building is steel framed with a brick built ground floor and the rest is timber with a copper roof. The building is timber clad in cedar apparently.*

*I suppose there is no harm in asking [P] for quotes of £600,000, £700,000 and £750,000. This is the first time I have had time to properly review it and just keen to make sure everything is in order.”*

- LIB told Mrs B a buildings sum insured of £600,000 would be an additional £51, and £650,000 an additional £137. Mrs B chose the £600,000 option, and LIB arranged for the buildings sum insured to be set at £600,000.

Mrs B argues LIB knew she was concerned about the buildings sum insured, didn't do enough to support her with it and this led to her being underinsured when she needed to make a claim in 2023. She says LIB could have explained what the rebuild cost included or undertaken a desktop survey.

I find LIB treated Mrs B fairly and reasonably at the 2020 renewal. I say this because from reviewing the emails objectively, I'm satisfied it did enough. While LIB could perhaps have explained more about what a rebuild cost includes or offered a desktop survey, Mrs B didn't ask for either, or signal she needed/wanted further support more generally. Her intention was to increase the buildings sum insured, and that's what LIB facilitated, with Mrs B ultimately choosing a modest uplift for a modest increase in premium.

Mrs B renewed her home insurance through LIB in 2021, 2022 and 2023. I can't see Mrs B raised any further concerns about the buildings sum insured. And I can see at the in 2022 and 2023 renewals, LIB sent Mrs B letters with its recommendations as well as additional information such as a premium breakdown and payment slip which offered a desktop valuation service for £179 and a prominent, full-page warning, which said:

***“IMPORTANT***

***The danger of under-insurance and the importance of valuing your property correctly***

*Insurers are now taking a very tough line with Property Claims where under-*

*insurance is suspected: After a claim occurs, it is not uncommon to discover that a property is under-insured, sometimes substantially. In these circumstances, Insurers will apply 'average' and reduce any claim settlement in proportion to the under-insurance.*

*In the event of a substantial loss this can have a catastrophic effect on the policyholder, who may have to find large sums of money to contribute to the cost of re-instatement.*

*Remember, the onus is on you, as the policyholder, to ensure that your property, contents and valuables are adequately insured.*

*Experts are increasingly recommending that properties should be professionally valued every three to five years. Buildings/Structures should be insured for the Full Reinstatement Cost, i.e. including Debris Removal, Professional Fees & Complete Rebuild. Clearly a Valuation by a Chartered Surveyor (RICS) is the best approach. **Desktop valuation service available - Acceptance criteria applies £179.00...***

*...We will discuss your Sums Insured in detail and advise you on the best course of action to make sure that you are adequately covered, but you are ultimately responsible for getting it right at the outset and reviewing it regularly..."*

I'm satisfied at the two renewals prior to the claim, LIB did enough to offer Mrs B the option of a desktop review and explain the importance of being adequately insured so she could make her own enquiries. And as the warning(s) make clear, the onus was on Mrs B to check she was adequately insured and the potential consequences of not doing so.

I have a great deal of sympathy for Mrs B as I recognise the difficult position the underinsurance has put her in. But for the reasons set out above, I don't uphold this complaint because I'm satisfied LIB treated her fairly and reasonably at the 2020 renewal, and at the following renewals.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 25 June 2025.

James Langford  
**Ombudsman**