

The complaint

D, a company, complains about a claim it made on its Hadron UK Insurance Company Limited ('Hadron') business protection policy. D's policy records Folgate Insurance Company Limited as the insurer of this policy but as that entity has legally changed their name to Hadron, I shall refer to it as such in this decision.

D is unhappy with the way in which Hadron handled its claim for business interruption as well as its decision to decline it in part.

In this decision all references to Hadron include their claims handlers.

D's complaint is brought by Mr H, but I shall refer to all of D's submissions as its own for ease of reference.

What happened

D made a claim on its Hadron business protection insurance policy for the losses it suffered as a result of an interruption to its business arising out of a flood at the premises it was occupying.

Following the flood, D located to a temporary premises as there was no power at the existing one. Hadron agreed to pay D its claim for business interruption arising out of this.

A few months after the flood, D's landlord at its original premises served a cessation of lease notice on it and other tenants in the building. This meant D had to relocate elsewhere permanently. D had also made a claim for business interruption arising out of permanent relocation. Hadron considered this aspect of its claim and declined it. They said that the cause of the relocation wasn't the flood but rather the landlord's decision to issue D with a cessation of lease notice and the policy didn't provide cover for that.

D doesn't agree that its claim for business interruption arises out of the cessation of lease notice but rather maintains the cause of the claim was the flood. It wants Hadron to pay its claim in its entirety as a result. D is also unhappy about the time it took Hadron to deal with its claim more generally.

Our investigator considered D's complaint but concluded that it should not be upheld. D doesn't agree so the matter has been passed to me to determine.

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.

Having done so, I don't uphold D's complaint for broadly the same reasons set out by the investigator. Before I explain why, I wish to acknowledge the volume of submissions D has made. Whilst I've read everything it's said, I won't be addressing it all. That's not intended to be disrespectful, rather it's representative of the informal nature of the Financial Ombudsman Service. Instead, I'll stick to the crux of D's complaint, namely whether Hadron

treated it unfairly.

The starting point is the policy terms. They say:

“We will pay you for loss as a result of interruption or interference with the business following damage at the office/surgery as a result of a peril insured against, provided that:

a. At the time of such damage payment has been made or liability admitted by an insurer under any insurance covering your interest in the property against such damage.”

D also had additional cover for expenses necessarily and reasonably incurred by it in order to maintain income following insured damage.

The issue for me to determine here is whether D’s claim for business interruption for a permanent relocation arises as a result of the insured peril, namely the flood in this case or whether it is as a result of some other event, as contended by Hadron. Hadron says the evidence it relied on when turning down D’s claim was the evidence of its loss adjuster who obtained information from the building insurer’s loss adjuster about the notice served by the landlord in January 2024 on all of the tenants of the building D was occupying. Hadron says that power was restored back to the building in early January 2024, but that D and other tenants were not allowed to return because the landlord prevented them doing so by virtue of the notice served. Because of this Hadron contends that the cause of D’s claim for business interruption for permanent relocation is not covered because it is not as a direct result of the flood.

On the other hand, D says the business premises was uninhabitable so it could not have returned when the power was restored in any event, so it had no option but to move regardless of the notice served on it. As such it says that Hadron should cover its claim. D also says that Hadron’s acceptance of its claim for business interruption for temporary relocation means that it accepts liability for the interruption more generally. It also feels the evidence Hadron relied upon is disingenuous as it amounts to nothing more than extracts of reported conversations between two loss adjusters.

I’ve thought about the points both parties have made and whether the business interruption claimed for permanent relocation is as a result of the insured peril in this case; namely the flood, but I don’t think it is. I appreciate that the business premises was no longer habitable beyond the power being turned back on as contended by D. And I accept that the cessation of lease notice was connected to the flood. I say so because the evidence I have seen suggests that the basis upon which it was served was because the landlord was entitled to do so when repairs are likely to take more than three months. But at the point at which the notice was served, the cause of the permanent relocation was no longer a direct result of the insured peril, but rather because D’s lease had been brought to an end. Whether that was so that the landlord could undertake a refurbishment over a longer period and seek to enter into new leases with new tenants thereafter makes no difference. The fact remains that the cause of the permanent move at this point changed to the cessation of lease notice being served on D.

I appreciate D feels it was entitled to a longer period of business interruption being paid to it as a result of the notice it received, but I don’t think this means Hadron need to pay their claim. That’s because the reason D couldn’t operate at its premises was because its landlord prevented it from doing so. The fact that the building might have been uninhabitable at that time makes no difference. Ultimately D had been told they would need to relocate permanently and therefore Hadron no longer had liability to meet D’s losses at that point. In addition, the evidence I’ve seen is that Hadron’s loss adjuster was told by the loss adjuster for the building insurer that the building would have been capable of being reinstated by 4 January 2024 had they not decided to take the opportunity to refurbish it. In light of this I

think Hadron were entitled to decline D's claim for business interruption beyond this period.

As the investigator explained, Hadron's acceptance of the temporary aspect of its relocation claim does not mean that they are prevented from turning down permanent relocation costs, if they are entitled to do so. And I appreciate D is unhappy with the evidence relied on by Hadron in this case, but I find it compelling. There's no doubt that a cessation of lease notice was served on D, which D doesn't appear to be disputing. D's concern is about Hadron's decision resting on information shared between loss adjusters. But I don't think that's wrong. The loss adjuster for the building insurer would have significantly more information available to them about when the works were capable of completion and the landlord's decision to refurbish the premises entirely. And Hadron were entitled to rely on the information supplied to them by their loss adjuster, who appears to have obtained this information from a credible source. So, I don't think that Hadron did something wrong in this case by relying on the evidence it has to turn down D's claim for a permanent relocation. If D feels it has suffered losses as a result of a cessation of lease notice being served on it, it should seek advice about whether recourse is available against its landlord accordingly.

Finally, D is unhappy with the way in which Hadron dealt with its claim generally. It says Hadron gave inconsistent reasons for declining its claim and caused delays in dealing with it. I accept that Hadron gave different reasons for declining D's claim throughout its claims journey but I'm also mindful that the evidence in this case was constantly evolving. From what I've seen Hadron's loss adjuster investigated the claim through discussions with various different parties and there had been difficulties obtaining information from D's landlord, which inevitably led to delays in concluding the claim. Whilst I recognise this would have been frustrating for D, I'm not satisfied that this meant that Hadron treated it unfairly. Rather I think Hadron made decisions throughout the claim based on the information available to it. The fact that the claim was eventually declined in part for the reasons I've set out here, isn't in my view unfair. And given this didn't delay D receiving the payout it was hoping for, I don't think the time the investigation of the claim took makes any difference to the outcome of this complaint.

My final decision

For the reasons set out above, I don't uphold D's complaint against Hadron UK Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 24 September 2025.

Lale Hussein-Venn
Ombudsman