

The complaint

Mr and Mrs P think they've been treated unfairly by Hiscox Underwriting Limited ("Hiscox") when taking out a home insurance policy.

What happened

Mr and Mrs P asked for a home insurance quotation, where cover was provided by Hiscox.

Hiscox asked several questions to understand Mr and Mrs P's circumstances. Hiscox was informed that two members of the household provided music lessons to visiting customers at the property. Based on this information, Hiscox informed Mr and Mrs P that this activity was considered business use, which required a different policy where the premium was more expensive.

Mr and Mrs P have explained they already have specific insurance cover specifically for their needs in relation to the provision of music lessons, which includes public liability insurance. They don't feel the policy offered by Hiscox meets their needs or is tailored in anyway for their circumstances. Mr and Mrs P feel they are paying an additional premium for which essentially they say duplicates the cover they already have under their specific insurance for music teaching provision. They don't feel they've been treated fairly.

Hiscox said it has offered the policy following the guidelines of its underwriting criteria and to take account of the risk of students entering Mr and Mrs P's property.

Our investigator decided not to uphold the complaint. She thought Hiscox had offered the appropriate policy to Mr and Mrs P, which followed the rules set in its underwriting guidance. Mr and Mrs P 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.

I understand why Mr and Mrs P feel aggrieved. They feel the different policy offered by Hiscox provides no additional cover to them than what they have bought already under their specific insurance for music teaching provision. Yet, the requirement to buy an enhanced product from Hiscox has led to higher premium costs.

Mr and Mrs P have provided a detailed response to our investigator's view that I've read in detail. My role is to assess whether I think Hiscox have acted reasonably and whether it has treated Mr and Mrs P fairly. In other words, have Hiscox treated Mr and Mrs P in the same way as any other customer with similar circumstances.

Having reviewed all the evidence, I think Hiscox has acted reasonably, so I won't be upholding this complaint. I know this will be disappointing for Mr and Mrs P, who are heavily invested in this complaint. So, I'll explain briefly why I have reached this decision.

It's important to understand the context of the sale of this insurance cover. Hiscox was providing a non-advised sale. In other words, its role was not to review and consider what portfolio of insurance cover Mr and Mrs P had, nor was it to provide advice on what they should do. Hiscox was simply providing an "*off the shelf*" insurance product, which was designed for a wide segment of the insurance market.

It's a commercial decision for each insurer what risk they are happy to take in providing cover and what price they charge consumers for providing them a policy. The insurance industry is competitive, so the marketplace dictates which products get sold. An insurer records in detail what risks it will cover and at what price. This is detailed in its underwriting criteria, which will be recorded for each policy.

If Hiscox has followed its own rules when offering the policy to Mr and Mrs P, as defined in its underwriting criteria, then I'm likely to say it has acted fairly. As this is meant to be how it treats all customers.

During calls with Mr and Mrs P, Hiscox were able to collect information on Mr and Mrs P's circumstances, so it could assess which one its products it could offer Mr and Mrs P. It collected a lot of information, including the information relevant to this complaint related to the music lessons provided by two members of the household.

Based on the information collected, Hiscox informed Mr and Mrs P it couldn't offer them the cheaper of the two insurance products, as their details didn't sit within the allowed parameters (or risk) for that policy. I've checked the process Hiscox followed and that it correctly applied its own underwriting criteria. This information is commercially sensitive, so confidential so I can't share it, but rest assured I have checked it. I think Hiscox treated Mr and Mrs P fairly. I can see Mr and Mrs P were treated in the same way as what other people would be if they had the same circumstances.

As Hiscox couldn't provide the cheaper policy, it offered Mr and Mrs P a policy it could provide them based upon the risks it knew about them. This is what I would've expected them to do. I appreciate Mr and Mrs P feel this duplicated some of the cover they already had. This may well be true. However, Hiscox wasn't providing or never advertised to provide an advised service or a tailored solution specific to every need Mr and Mrs P had and offering an integrative insurance offering where it took account of all other products Mr and Mrs P owned.

If Mr and Mrs P didn't want this product, they didn't have to pay for it. However, I think Hiscox acted fairly, as it applied the same approach to Mr and Mrs P as it would've done with any customer. I appreciate why Mr and Mrs P felt the policy offered didn't offer them maximum value, however, they also had opportunity to shop around if there was a better solution that met their needs elsewhere. Hiscox provided the best option it could.

My final decision

My final decision is that I don't uphold this complaint. I don't require Hiscox Underwriting Limited to do anymore.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P and Mrs P to accept or reject my decision before 3 July 2025.

Pete Averill
Ombudsman