

## **The complaint**

A limited company, which I will call M, has complained about Hiscox Underwriting Limited not offering to renew its commercial insurance policy.

Mr M, as the director of M, is representing M in the complaint.

## **What happened**

In late 2022, Mr M made a claim under his policy with Hiscox for damage caused to M's premises by an escape of water. I understand the claim is still ongoing and a complaint about the delay and general handling of the claim is being dealt with separately.

In April 2025, Hiscox told Mr M that it had reviewed the renewal of the policy which was due in May 2025 and determined that as a result of the claims history, M no longer fitted its underwriting criteria. The policy therefore lapsed when the previous policy period ended in May 2025.

Mr M says this is unfair. He says he has not been able to find alternative insurance cover due to the unresolved complaint about the claim, the claim history and because of Hiscox's refusal to provide cover. Mr M says he has done nothing wrong and this has affected his ability to reopen and trade. Mr M complained to Hiscox but it says it was entitled to decide not to renew M's policy.

Mr M remains very unhappy about this and so referred his complaint to us. As mentioned a complaint about the handling of the claim for property damage is being dealt with separately. I am only addressing the complaint about Hiscox's refusal to renew the policy.

Mr M wants us to require Hiscox to reconsider its decision to refuse renewal, given that the open claim is still being processed; or offer reasonable support in helping him to move to another insurer, given that his inability to obtain alternative cover stems from the delays caused by Hiscox.

One of our Investigators looked into the matter. She did not recommend the complaint be upheld. The Investigator considered that Hiscox was entitled to determine its own underwriting criteria and it had applied this to M fairly. She did not therefore consider that it was unfair or unreasonable that Hiscox declined to renew cover.

Mr M does not accept the Investigator's assessment. He has made a number of points in support at the time of his initial complaint to us and in response to the Investigator. I have considered everything he has said and have summarised his main points below:

- The Financial Conduct Authority (FCA) guidelines, insurers must treat customers fairly. Cancelling renewal under these circumstances appears punitive rather than reasonable.
- He wants Hiscox to provide a detailed explanation of the factors that led to the non-renewal decision.
- So far he has only been given vague reasoning, which he does not accept are really

the reason for cancelling his policy.

- The failure to respond to his request for specific reasons undermines transparency and fair treatment.
- The sudden refusal to renew leaves M without essential coverage and the open claim makes it even more difficult to get alternative cover.
- He was provided with misleading and contradictory information, saying the claim was still open, then closed then under review.
- He made a claim, which was covered, but now the fact he had to make a claim through no fault of his own, is being used against him with devastating consequences.
- Hiscox's handling of the claim has already caused financial hardship due to delays and now this decision further impacts his ability to operate his business.
- He asks therefore that I take a holistic view, taking account of the events that led to the cancellation of his policy.
- He has lost everything he has built and is asking for a fair and compassionate resolution.

As the Investigator was unable to resolve the complaint, it has been passed to me.

In the meantime, Mr M provided copies of correspondence from Hiscox, including confirmation that the policy was automatically renewed in May 2024 (even though the claim was still ongoing then) and renewal terms (for May 2025) that were sent to him in November 2024. Mr M says these support that the reason for not renewing the policy is not due to the claims history and underwriting criteria, as Hiscox says, otherwise it would not have previously renewed. He says this helps demonstrate that he had full cover up until the end of the policy term, and that the refusal to renew only came after the unresolved claim with Hiscox. Mr M also says this raises questions of fair treatment and transparency, as required by FCA Principles and Ombudsman expectations.

Mr S has also said that the fact the claim is still open is impacting his ability to get other insurance. That is not something I can address in this decision, which is only about whether it is fair for Hiscox to refuse to offer renewal terms or not. Mr M can ask that this point be considered in the complaint about the handling of the claim, or to be considered separately if appropriate.

### **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've reached the same conclusion as our Investigator and for broadly the same reasons. I will explain why.

I can see this has been a very difficult time for Mr M. I am aware of the long-running claim, and that his business has been significantly impacted, prior to refusal to renew the policy in May 2025. However, as the Investigator explained, I can only deal with the decision of Hiscox not to renew the policy here. The handling of the claim and the impact of that on M is a separate matter, so I cannot apply a "*holistic*" approach as Mr M asks.

In addition, as mentioned above, if Mr M thinks the delays which led the claim still being open has impacted his ability to get alternative insurance, then this would be a loss that arises from the handling of the claim and I cannot consider that in this decision.

An insurer is generally entitled to decide which risks it wants to cover and which it doesn't, along with what information it takes into account in making those decisions. These criteria are set out in an insurer's underwriting guidelines and it isn't something our service would usually involve itself in. But we can ensure that the criteria are applied fairly and consistently to all customers, and that M hasn't been treated differently to any other customer in the same circumstances.

Insurers will generally consider various factors they consider relevant to the risk they are being asked to cover. Different insurers apply different factors but they might include the claims history, type of claims, location of the business, among other things. These factors may be rated to impact the premium or whether it will offer insurance or not.

Mr M wants a detailed explanation of exactly what Hiscox's underwriting criteria are and how this applies to M. I am afraid I cannot provide this to him. This is because an insurer's underwriting criteria is commercially sensitive information. However, Hiscox has provided that information to us. And I can assure Mr M that I've thought carefully about how it's been applied.

Hiscox has said the claims history is one of the factors it took into account in its decision not to renew. While I can understand that Mr M thinks it is unfair for the fact he has had to claim, through no fault of his own, to have impacted him this way. However, claims history and the likely risk of future claims is a legitimate underwriting factor.

Mr M also says this cannot be the legitimate reason, as the claim was ongoing when Hiscox renewed his policy in May 2024 and it offered automatic renewal terms (for May 2025) in a letter to him in November 2024.

I can see why this would raise questions for Mr M. However, Hiscox manually reviewed the M's cover against its current underwriting guidance. I do not think the fact M was sent correspondence in November 2024 about the upcoming renewal, or that the policy renewed in previous years, means the underwriting criteria was not correctly applied in 2025.

Mr M says he thinks the reason the policy was not renewed was because he has complained about the handling of his claim. Having considered everything very carefully, I have seen no reliable evidence that persuades me that the decision not to renew was due to Mr M having complained about the way M's claim has been handled. And the fact it has not renewed does not affect M's ongoing claim, which falls within the cover previously provided (subject to the terms and conditions applicable at the time).

Having considered the information provided by Hiscox carefully, I am of the opinion that Hiscox applied its underwriting guidelines fairly and consistently to M's circumstances, and it

hasn't been treated differently. While I naturally sympathise with the situation this leaves Mr M in, I can't fairly ask Hiscox to take on a risk that it isn't prepared to accept.

I can see Hiscox also explained that it had decided not to renew, it had not cancelled M's policy, so this should not impact M's ability to get alternative cover. As such, Mr M would not need to declare that M's been refused insurance or had a policy cancelled because the only reason Hiscox has been unable to offer a policy renewal is because M no longer meets its underwriting guidelines. Had Mr M met the criteria, it would have been offered renewal. (Again, if the fact that M still has an open claim is affecting its ability to get alternative cover, then that is not a matter I can consider in this decision.)

Finally, Mr M has also asked that Hiscox help him obtain alternative insurance but this is not something I can reasonably require it to do.

### **My final decision**

I do not uphold this complaint.

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

Harriet McCarthy  
**Ombudsman**