

The complaint

Mr M complains about the advice and service he received from Marsh Ltd t/a Marsh Commercial ('Marsh') in respect of a home insurance policy he purchased through them.

What happened

The following is intended as a summary of key events only, as the background to this complaint is well known to both parties.

Mr M purchased a high-net-worth home insurance policy through Marsh, acting as his broker. The policy was underwritten by a company who I will refer to as "C" in this decision. In May 2022, he unfortunately suffered a burglary and raised a claim with C. He said a number of high-value items were stolen, including watches, jewellery, coins, cigars, and other collectibles.

C instructed loss adjusters to review the claim, but there were delays and an ultimate shortfall in settlement after C identified underinsurance. Mr M says this was due to Marsh failing to reassess and adjust the sums insured upon the policy's renewal. Mr M also said the policy documentation Marsh provided was ambiguous and difficult to interpret, which made it challenging to identify the specifics of coverage and he said Marsh didn't provide suitable guidance on how certain terms might affect the insurance cover. Mr M said he lost confidence in Marsh's ability to provide professional advice, and he was concerned about the way they had set up the policy and not explained key terms to him; for example, not informing him the policy contained underinsurance clauses.

Mr M went on to raise a complaint about how Marsh had sold the policy as well as how they'd handled the claim for him. And he was also unhappy they'd advised him to take out an alternative policy which caused further confusion. He said he wanted Marsh to refund his loss assessor fees, refund the premiums on the alternative policy, compensate him for a loss of opportunity, pay interest on any shortfall of settlement from C, and pay compensation for distress and inconvenience. Marsh didn't provide a final response within the 8-week statutory timeframe and Mr M brought the complaint to this Service in September 2024.

While the complaint was being considered, Marsh made an offer to settle the complaint. They accepted they had failed to adequately advise Mr M on the sums insured under the policy, the single article limits, the extended replacement clause, and the requirements around safe storage. Marsh offered Mr M a total settlement of around £26,000, which they said reflected the shortfall in the claim settlement caused by underinsurance of around £25,000, a refund of the premiums and policy admin fee for the second policy they advised him to take out of £195, and £750 compensation. But they disagreed they were responsible for Mr M's loss assessor fees.

An Investigator then looked into everything that had happened and ultimately concluded that, while they recognised Marsh's service had fallen short, the settlement offer was fair and reasonable in the circumstances and reflected the impact of their poor advice and handling of the claim. While the Investigator had initially felt Marsh should add 8% simple interest to

the underinsurance element of the claim, he felt their uplifted total offer fairly compensated Mr M for his losses.

Mr M disagreed with the Investigator's findings and provided a detailed reply. He said Marsh should reimburse his loss assessors fees of around £66,000 as well as adding 8% simple interest to the underinsurance shortfall element of the settlement.

Mr M asked for an Ombudsman to consider the complaint – so, it's been passed to me to 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.

I first want to acknowledge that I've intentionally summarised Mr M's complaint in a lot less detail than he has presented it. No discourtesy is meant by this, and I want to assure him that I have read and considered everything submitted in its entirety. However, as an informal dispute resolution service, this Service's role is to focus on the main issues of a complaint in order to reach a fair and reasonable outcome overall. And this means I have only focused my decision on what I consider to be the key points of this dispute.

What's more, the background to this complaint is largely agreed between the parties and Marsh has acknowledged that their service fell short in several areas. This means I don't need to make an extended finding on whether or not they did something wrong here; they accept they did. Instead, my decision will focus on what steps Marsh has taken to put things right and whether I think that's enough to fairly conclude the complaint. Therefore, I consider the two core components of this complaint to be the settlement offer, and whether Marsh should be directed to reimburse Mr M's loss assessor fees. I've addressed each topic in turn below, for ease of reference.

£34,000 settlement offer

I can see Marsh's settlement offer was originally around £26,000 and comprised the following items:

- £24,977.50 to cover the under insurance shortfall;
- A refund of the premium and policy admin fee of the alternative policy of £195;
- £750 compensation for distress and inconvenience.

In respect of the underinsurance shortfall, I'm satisfied Marsh's offer adequately covered the sum between Mr M's claim but for the underinsurance element. And In respect of Mr M's concerns about Marsh's advice to take out a second policy; I agree this advice was unnecessary and caused further confusion at a difficult time. But I think Marsh's decision to refund the premiums and the admin fee for that policy properly reflects the impact of their error here. So, I don't think they need to do more in respect of this aspect of the complaint.

Marsh later made an uplifted offer of £34,000 on a global basis to conclude the complaint. The Investigator originally said Marsh should also pay 8% simple interest on the underinsurance element of the claim but later revised their findings and felt the uplift fairly encompassed what would have been paid by interest. He said this was because the total offer of £34,000 would exceed the underinsurance sum, plus 8% simple interest.

I appreciate Mr M thinks Marsh should pay 8% simple interest to the underinsurance shortfall element of the claim; to reflect the time he was without those funds. And this Service's usual approach to interest awards is that we feel they are appropriate where a consumer has been deprived of money they should have had access to sooner. However, in the specific circumstances of this complaint, I've reached the same conclusion as the Investigator, and I think Marsh's total settlement of £34,000 already goes further than paying the underinsurance shortfall plus interest.

When considering what I think is a fair and reasonable conclusion to this complaint, I need to think about what Marsh needs to do to put things right. My usual approach here would be to direct Marsh to refund the losses Mr M has suffered and add 8% interest for the time he was without those funds. But Marsh's total offer puts Mr M into a better financial position than if I directed them to add statutory interest. I appreciate Mr M feels the additional £9,000 should be treated as a separate compensation amount, but I would not otherwise have awarded a compensation sum of this level in respect of this particular complaint.

Even if I accept the additional £9,000 Marsh offered wasn't labelled as underinsurance compensation, I don't think that distinction makes a practical difference to the outcome I've reached. What matters is the overall settlement sum. In my view, the uplifted figure of £34,000 in total puts Mr M in a better financial position than he would have been in had Marsh simply added 8% interest to the underinsurance shortfall. So, as Marsh's offer exceeds what I would have usually awarded, I don't think they need to increase this anymore.

Loss assessor fees

I've thought very carefully about this aspect of the complaint as I appreciate how important it is to Mr M. He says he only appointed the loss assessor because Marsh's advice and handling of the claim left him feeling exposed. And he said the loss assessor's fees were *"exclusively incurred as a direct consequence of Marsh's negligence"* and should be reimbursed in full.

Having considered the claim history in detail, I accept Marsh's poor advice created real difficulties for Mr M and left him underinsured and facing challenges from C about policy conditions he hadn't fully appreciated. But this doesn't mean I ultimately agree Marsh should be responsible for the loss assessor's fees. This Service's approach to professional fees is that we will not usually tell a business to reimburse these unless it was necessary because of a business's failings. But I'm not persuaded that was the case here. I think Marsh's poor advice and handling of the claim certainly made things harder for Mr M, but I've not seen any persuasive evidence to demonstrate the involvement of a loss assessor was necessary.

So, while I acknowledge Mr M was entitled to appoint a loss assessor of his choosing if he wanted someone to manage the claim on his behalf, I don't think it would be fair or reasonable to direct Marsh to cover the cost of Mr M's decision. Ultimately, C remained obliged to handle Mr M's claim fairly regardless of whether Mr M had professional representation, and Marsh did identify they had caused additional issues for Mr M and took steps to remedy this also.

I can see Marsh told Mr M before the loss assessor was appointed that their fees wouldn't be recoverable under the policy. I accept that to be the case here, but I've also considered whether the loss assessor's fees could be considered a consequential loss of Marsh's failings outside of the strict policy coverage. But having done so, I'm not persuaded they would be recoverable in this way. I've not seen any persuasive evidence that demonstrates they were a natural and reasonably foreseeable result of Marsh's actions.

This Service's usual approach is that consequential losses must flow directly and naturally from a failing and must be reasonably foreseeable. In my view, the loss assessor fees were the result of Mr M's independent choice to engage professional representation, and not a loss that flowed directly from Marsh's errors or one that was reasonably foreseeable.

I'm ultimately not satisfied the evidence demonstrates that Mr M appointing a loss assessor was caused by a failing on Marsh's part, or that it was necessary in order to conclude the claim. And on balance, I'm persuaded appointing a loss assessor was Mr M's own choice. It follows that I don't think it would be fair or reasonable to direct Marsh to cover those fees.

What was the impact

I've thought about whether Marsh's total offer properly reflects the distress and inconvenience Mr M experienced. The burglary itself was a deeply upsetting event for Mr M, and Marsh's failings would have made the subsequent claim more difficult than it should have been. I can see Mr M was left facing challenges from C about underinsurance and other policy requirements which, had Marsh given proper advice about at the outset, he may have been better prepared to deal with.

I've also taken into account Mr M's personal circumstances. He says he has dyslexia, which means he relies more heavily on clear explanations. And he said Marsh's failure to properly explain important policy terms left him particularly disadvantaged and contributed to his decision to appoint a loss assessor. I've not seen evidence Marsh were aware of Mr M's dyslexia at the time the policy was taken out, so I can't fairly say they should have made specific adjustments on that basis. But I do accept his testimony that he relies more heavily than most on clear explanations being provided. That means the poor and sometimes contradictory advice he received from Marsh during the claim would have had a greater impact on him than it might have done on someone else. However, I also have to balance this against the fact that Mr M had appointed a professional loss assessor, which I think would have alleviated some of the limitations here.

Putting things right

A compensation award isn't intended to fine or punish a business, it's to recognise the impact a business' actions have had on their customer in a particular complaint. This Service's approach to compensation awards requires me to think about what amount would be fair by taking into account how I consider Mr M was affected.

In respect of general compensation awards, I think the £750 Marsh has outlined is fair in the circumstances, and in line with similar awards this Service would make. And I think it fairly and reasonably reflects the impact Mr M experienced.

Taken in the round, I consider the total offer made by Marsh of £34,000 is a fair and reasonable sum in all the circumstances to reflect what I consider to be the impact of Marsh's actions on Mr M, as well as putting right the shortfall in settlement. It follows that I won't be directing them to increase this sum.

My final decision

For reasons I've given above, my final decision is that I uphold this complaint in part. I direct Marsh Ltd t/a Marsh Commercial to:

- Pay Mr M £34,000 in settlement of his claim for financial loss, compensation, and distress and inconvenience caused by their actions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or

reject my decision before 24 October 2025.

Stephen Howard
Ombudsman