

The complaint

Ms S is unhappy as she thinks Avantia Insurance Limited (“Avantia”) took receipt of her premium without arranging her home insurance cover. Avantia were acting as broker in the arrangement.

What happened

Following receipt of an invitation to renew her policy, Ms S paid her premium to Avantia.

During the year, Ms S made an enquiry to Avantia in relation to her property. But Ms S was shocked when Avantia’s call agent informed her she wasn’t insured. Ms S was told the type of insurance she had paid for was no longer offered by her insurer. She said she wasn’t advised of this, yet Avantia had still taken her money. She raised a complaint.

Ms S said she arranged alternate insurance at that point with a different provider. Strangely, Ms S said Avantia tried to charge her a cancellation fee and chased her again for her renewal payment the year after.

Avantia said “having reviewed your policy in detail and the sales journey that you experienced with our agent, the agent should have referred your policy to our underwriting team to review and offer terms for the policy. Unfortunately, the correct process wasn’t followed, and the policy was set up without being reviewed by our underwriting team”.

Avantia continued “at the time the policy was purchased and set up, we were still able to offer cover for Multiple Occupancy properties and had the policy been correctly referred to our underwriting team, cover would have likely been given. I would also note that had a claim arisen during the policy term, due to an agent error, cover would have been considered, and the policy would not have been invalid due to this”.

Avantia apologised and paid £50 compensation for the inconvenience caused. However, Ms S wants her premium refunded as she doesn’t feel like she’s had the benefit of a policy in place.

Our investigator decided to uphold the complaint. He thought Ms S would’ve had the benefit of cover had there been a claim, so he didn’t think Avantia should refund the premiums paid. However, he did increase the compensation due by £150 (to £200) for the distress and inconvenience caused. Ms S disagreed, so the case has been referred to an ombudsman.

My provisional decision

I made a provisional decision on this on 23 May 2025. I said:

“I appreciate the shock Ms S experienced when she was told by Avantia’s call agent that she didn’t have a policy. This would’ve been extremely difficult to comprehend, since Avantia had received a premium payment from Ms S for the policy.

However, I can see Ms S did receive formal notification from Avantia on 2 October 2023 that her home was covered by her insurer. Avantia wrote “we’re delighted to be able to protect

your home over the next twelve months". Ms S was sent a policy schedule and statement of fact (setting out her insurance details).

Avantia in its final response said it would've considered any claim by Ms S in the insurance period. I'm persuaded Avantia / her insurer would've covered Ms S if she did have a valid claim in the period. Given Ms S had been provided with documents confirming she had a policy, I see no reason why Avantia /her insurer wouldn't have provided cover. Therefore, I do think Ms S has benefitted from the cover the policy provided. Therefore, I don't think it would be reasonable to ask Avantia to refund the premiums paid. If Ms S had made a valid claim, Avantia / her insurer would've covered the liability under the policy terms. Certainly, this is how our service would consider the situation if a claim had arisen.

From the strength of Ms S' feeling, I can see she has been distressed by these affairs. I think the mix up was likely over whether the policy issued was a "normal" domestic policy or a "multi-occupancy" policy. I genuinely believe Avantia would've covered any valid claim under the policy. I can see the recommendation to increase the level of compensation to £200 (from £50) was made by the investigator. I think this is about right, and I see Avantia has accepted this. I think this compensation reflects the confusion Ms S experienced and the repeated contradiction in the communication she received. I intend to uphold this complaint.

Ms S said she immediately bought a new policy when she was told her policy was no longer valid. This potentially has left Ms S with a financial loss, and it would be a loss caused by Avantia's error. Therefore, I intend that Avantia should refund part of the new premium paid to her new provider IF the new policy did overlap at all with the policy arranged by Avantia. Ms S should provide this evidence to Advantia so it can arrange the refund. Avantia should refund an amount equivalent of:

(Number of days that policies overlap divided by 365) multiplied by the value of the new policy.

If a refund is due, Ms S has been without this money, so I intend that Avantia add 8% simple interest per annum (from the date the new policy was purchased to the date the refund is reimbursed)".

Responses to my provisional decision

Avantia didn't respond to my provisional decision.

Ms S didn't accept my provisional decision. She wants her premium refunded in full and the level of compensation increased.

Ms S has clarified some aspects of my decision, for example, she said her policy wasn't a renewal, but a new policy application based on the specific needs she had. She said her house isn't in multiple occupation but is a freehold building split into two flats.

Ms S provided more details about how she came across Avantia's error, when she contacted them about an enquiry in relation to her neighbour's property.

Ms S has also elaborated on her thoughts that she never benefitted from the insurance cover, and she wouldn't have been allowed to claim if she had needed to.

Ms S said the stress she suffered due to the specific circumstances with her neighbour and the amount of time dealing with the complaint meant the level of distress and inconvenience suffered was worthy of a higher compensation award.

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.

Firstly, I apologise if I had some of the details wrong in relation to Ms S' complaint. Having considered these points, I don't feel they have a bearing on the outcome of my decision, but I appreciate Ms S making these clarifications for the purposes of accuracy.

I appreciate Ms S is heavily invested in this complaint and strongly feels she hasn't benefitted from the insurance cover. Ms S thinks if she had claimed, Avantia wouldn't have considered her claim. I appreciate from the experience she has had she may think this way.

However, errors do happen, and I have seen insurers still honour claims after an error like this has been made. So, as I set out in my decision, I think if Ms S did have a claim in this period, Avantia would've considered the claim. That's why I think Ms S did have the benefit of insurance cover. Obviously this point becomes incidental, as Ms S never had the need to make a claim. As I said in my decision, this is exactly how our service would've treated a claim if it had been escalated to our service.

I've also considered the point in relation to compensation. Whilst the issue with the neighbour was due to Avantia's error, I don't think it's fair to hold Avantia to account, based on the unreasonable behaviour of Ms S' neighbour. I know Ms S will be disappointed with this, but I think the compensation I have awarded is fair for the circumstances of this complaint and aligned to our service's guidelines. Therefore, I won't be changing my provisional decision.

My final decision

My final decision is that I uphold this complaint. I require Avantia Insurance Limited pay Ms S:

- £150 compensation – for distress and inconvenience (plus the original £50 offered if it hasn't yet been paid)
- A refund representing the amount owed for any overlap in the policy arranged by Avantia and that purchased by Ms S (calculated as set out in my decision), plus 8% simple interest per annum.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 7 July 2025.

Pete Averill
Ombudsman