

The complaint

Mr V complains Affinity Insurance Solutions Limited (“AISL”) discriminated against him when he was applying for a buildings insurance policy. He says it asked him questions relating to his UK residence and when he declined to answer, it unfairly refused to continue with the quote. Mr V is also unhappy AISL initially declined to answer his complaint about this matter as it thought it had been dealt with previously.

All references to AISL include its agents.

What happened

Mr V contacted AISL by phone in January 2024 to take out a buildings insurance policy. He already held another policy covering his contents which he took out at the end of 2023.

Mr V has previously complained about what happened when he took out his contents insurance policy. An Ombudsman issued a Final Decision on that complaint directing AISL to pay Mr V £100 for a similar issue to this complaint. I mention some of the facts of that complaint because they are relevant here but this complaint is about what happened when Mr V took out the buildings cover only.

During the phone call in January 2024, the representative asked Mr V if he was a UK resident and whether he’d been so since birth. Mr V questioned why he needed to provide that information and he was told it was part of the underwriting criteria its panel of insurers use to rate the policy. The representative explained if Mr V didn’t want to provide the information he asked for, he wouldn’t be able to give him a quote for the insurance.

There was a lengthy discussion between Mr V and the representative about why the information was needed but ultimately, the representative confirmed the insurers required the information to assess risk and determine the cost of the policy.

Unhappy with what had happened, Mr V raised a complaint. He said the question was devised to separate minority groups born outside of the UK and he thought it breached the Equality Act 2010. He said he’d checked with the panel of insurers and they all confirmed they didn’t need the information he’d been asked for about his residency to determine risk.

AISL responded to Mr V around March 2024. It said it had previously dealt with this issue (in relation to the contents insurance policy) and it considered this to be a duplicate complaint. So Mr V asked us to look into things. After some back and forth with our Investigator, AISL accepted this was a new complaint as it related to a different insurance application. And around March 2025, it sent Mr V a final response letter.

In summary, AISL didn’t think it had done anything wrong. It reiterated that its panel of insurers require the information asked of Mr V to assess risk and provide a premium for the policy. It also highlighted that it asks the same question of all customers who haven’t been UK residents since birth, so it didn’t think it had discriminated against Mr V.

In April 2025, after some further investigation AISL told us it had identified its panel of insurers don't require the question about residency to be asked and it isn't used to assess risk. Instead, it asks the question due to a system limitation which prevents representatives proceeding with a quote if it's left unanswered. It maintained that it didn't think the question was unusual or discriminatory and it highlighted that other organisations ask similar questions during their application processes. It also said it would look into alternative options so that representatives could proceed with quotes without this information.

Based on the information received, our Investigator upheld Mr V's complaint. She directed AISL to pay Mr V £100 for the distress and inconvenience he would've experienced for being given the wrong information about why he was asked for details about his residency. But she didn't think he'd been discriminated against and she thought AISL had done enough to make up for originally telling Mr V his complaint was a duplicate of his previous one.

AISL accepted our Investigator's opinion but Mr V didn't. In summary, he highlighted that AISL had refused to give him a quote and it didn't seem like it had planned to stop asking the question. He didn't think the Investigator's assessment considered that AISL hadn't changed its processes even after our service had previously found it was unable to give a reasonable explanation as to why the question was asked. Mr V maintained that AISL's practice is discriminatory even if the same question is asked of all potential customers. As the complaint wasn't resolved at that stage, it was passed to me to decide. I issued a provisional decision in June 2025 which I've included a copy of below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Based on what I've seen so far, I plan to uphold this complaint but I don't think our Investigator's opinion goes far enough to put right what's gone wrong in this case. I'll explain why."

Discrimination

It's not our role to say whether a business has acted unlawfully or not – that's a matter for the Courts. Our role is to decide what's fair and reasonable. In order to decide that, however, we have to take a number of things into account including relevant law and what we consider to be good industry practice at the time. So although it's for the Courts to say whether or not AISL has breached the Equality Act, we're required to take it into account, if it's relevant, amongst other things, when deciding what is fair and reasonable in the circumstances of the complaint. That includes thinking about what a Court would likely decide if Mr V were to make a claim under the Equality Act.

AISL received a Final Decision from our service around October 2024, in which, amongst other things, the Ombudsman indicated it hadn't given a reasonable explanation as to why it asks how long potential customers have been UK residents. So I currently think it should've been aware from then that it wasn't doing the right thing – or at least couldn't evidence it.

It seems, since that point and following a further complaint from Mr V, AISL has accepted its panel of insurers don't require the information it gathers about potential customers' UK residence. Instead, it asks for this information due to a historic system issue which prevents an insurance quote being generated without an answer to this question. So, it seems to accept it doesn't have an impact on the insurers' assessment of risk and it's asking for this information unnecessarily.

As a result of Mr V refusing to provide the information, which I'm currently satisfied wasn't needed, AISL declined to provide him with a quote for an insurance policy. So at the moment, I think he lost out – for example by having to apply again for insurance elsewhere. I can also see he's spent a great deal of time and effort trying to understand why AISL treated him this way – both during the 60-minute telephone call with the representative and throughout the complaint process – when it shouldn't have happened in the first place.

Based on what AISL has said, it seems to me, it accepts the service it provided Mr V wasn't what we would expect. Mr V doesn't see it that way. He believes that what AISL has done goes beyond poor customer service – he's felt discriminated against. I can understand why Mr V feels this way, and I do think AISL hasn't quite grasped how its actions have made Mr V feel.

AISL has argued that residency isn't a protected characteristic under the Equality Act so it doesn't think it could've discriminated against Mr V. But, at the moment, I don't think it's considered whether it's put Mr V at a disadvantage because of indirect discrimination.

The Equality Act says it's unlawful to discriminate on the grounds of race, amongst other things, and at the moment, I think it's likely a Court would decide Mr V has been indirectly discriminated against. The test in the Equality Act is whether AISL applies a provision, criterion or practice which puts people who share Mr V's protected characteristic (his race and nationality) at a particular disadvantage, compared to people without that protected characteristic. Indirect discrimination can be justified if what the business is doing is a proportionate means of achieving a legitimate aim.

I think AISL's policy of declining to offer an insurance quote to customers who choose not to share how long they've been a UK resident put Mr V at a particular disadvantage. I say this because it's more likely someone who hasn't been a resident of the UK since birth will be of a minority ethnic background as Mr V says he is. And I'm not currently satisfied AISL had a legitimate aim when declining to quote. So I don't think it was fair or reasonable to ask Mr V this question and decline to provide a quote to him.

AISL has highlighted other insurers and introducers that ask customers for information about their residency in the UK. So it thinks this means it is standard practice and is therefore acceptable. But as I'm currently satisfied AISL didn't need the information it asked Mr V for to assess risk, I don't think other businesses asking for similar information about UK residence changes this.

In this particular complaint, I've thought about whether or not AISL has acted in a fair and reasonable way in the circumstances and I've explained what I think a Court might likely decide. If I'm wrong about that, at the moment, I still consider that AISL hasn't acted fairly and reasonably in all the circumstances, for the reasons I've given.

Complaint handling

Mr V raised his complaint with AISL shortly after the call with its representative happened, around February 2024. But, as AISL didn't recognise it as a separate issue from the complaint it had already looked at, it informed him it had 'withdrawn' his complaint in March 2024. It was only after he escalated his complaint to our service, explained repeatedly why it was different and our Investigator went back and forth with AISL on the point, that it accepted it was a separate complaint. In that time, AISL also asked us for further time to investigate the complaint as it didn't think it had been given the full eight weeks to look into things. So I think AISL's caused significant and avoidable delays in resolving things for Mr V and I don't think he would've felt listened to.

AISL eventually responded to Mr V's complaint in full in March 2025 which was just over a year after he first complained. At the moment, I think this would've been extremely frustrating for Mr V, considering he'd made his complaint promptly after the event and he'd explained clearly why it was a separate complaint from his previous one. I'm also satisfied Mr V was caused a great deal of inconvenience in having to repeatedly explain why it was a different complaint – when AISL would've had access to that information itself.

Putting things right

Whilst it's not my role to direct AISL to update its business practices, it's told our service it's going to review its system to ensure customers aren't impacted by the question relating to UK residency in the way Mr V was. And I think that's the right thing to do in this case.

Overall, at the moment, I don't think the £100 AISL has agreed to pay Mr V makes up for how it's treated him in this case. Instead, I think AISL should pay Mr V £750 (which includes the £100 it's already agreed to pay) to more fairly reflect the significant upset and inconvenience he's gone through."

I asked both parties for any further comments before I reached a Final Decision. Mr V said in summary:

- Considering the subject matter of this complaint and the outcome reached in my provisional decision, he doesn't want the complaint to be closed without a Final Decision.
- I should consider whether AISL has acted in line with data protection legislation when collecting data from its customers about UK residency.
- It's questionable whether AISL is now telling the truth about why it asks about UK residency as it's given conflicting information previously.
- AISL is the agent of another business who I'll call "C". Mr V thinks I should name C in the decision as AISL sells policies on behalf of it.
- His contents insurance policy which I referred to in the background of this complaint was also sold and administered by AISL on behalf of C.
- He's never had to give the date he acquired UK residency to take out home insurance previously. He thinks AISL is referring to motor insurance when it says other businesses ask for details about UK residency as it helps determine risk for those policies.
- AISL has previously given him and our service misleading and false information, it hasn't given mistaken information as it says.

AISL said in summary:

- It accepts Mr V's experience when applying for the policy wasn't at the standard it would expect so it agreed to pay Mr V a total of £750 to make up for this.
- Whilst it agrees there was a delay in responding to Mr V's complaint, this was because it thought it was a duplicate complaint. So it thinks it was correct to challenge whether a second complaint was necessary.
- It doesn't agree it indirectly discriminated against Mr V.

- It thinks I incorrectly said in my provisional decision that AISL has said residency is not a protected characteristic and it understands the connection between questioning the duration of UK residency and the protected characteristic of race. But it doesn't think it's discriminated against Mr V as its actions can be objectively justified.

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'm not going to answer every point the parties have raised in response to my provisional decision as they're not all relevant to the outcome of this complaint. But I'd like to assure them I've thought about everything they've said very carefully when reaching my decision.

Mr V says I should consider data protection legislation and question what AISL has been doing with the data it has collected from its customers about UK residency. When considering this complaint, my remit has been to consider what's happened between Mr V and AISL only. So, when weighing up how AISL should put things right, I thought about the impact its actions – including how it handled Mr V's information – had on him, financially and emotionally.

I know Mr V is very concerned about whether AISL has been generally complying with data protection laws through its practice but that's not something I can consider here. The Information Commissioner's Office ("ICO") regulates compliance to data protection laws in the UK. And it has the powers to order businesses to comply with data protection laws. So I suggest Mr V contacts the ICO about that part of his complaint.

I appreciate Mr V's trust in AISL has been impacted. So I understand why he might not believe the explanation it's given about why it asked him the questions it did. But I'm satisfied the reasons it's given are accurate in this case.

Mr V's said he's never had to give details of his UK residency when taking out home insurance previously. So he thinks AISL has attempted to mislead me here. But before reaching my provisional decision, I looked at the questions asked by other providers and comparison websites myself, specifically for home insurance. And I found they do ask the question AISL says they do. But, I reached the outcome I did in my provisional decision, in part, because AISL doesn't appear to have a legitimate aim when doing so. So the questions asked by other insurance providers don't make a difference to the outcome of this case.

I accept it's reasonable for AISL to ensure customers aren't raising duplicate complaints. But in this case, it took AISL around a year to issue a final response letter and that was only after our service got involved. I don't think that amount of time is reasonable, particularly as it should've been aware Mr V had applied for two different policies at two different times. So I'm not persuaded by what it's said here.

AISL has said its actions can be objectively justified so it doesn't think the question asked, amounts to discrimination. But, as I've explained in my provisional decision and above, indirect discrimination can be justified if what the business is doing is a proportionate means of achieving a legitimate aim. And considering AISL didn't need the information it requested for its underwriters to assess risk or for any other reason, I don't agree it had a legitimate aim in asking for this information or declining to provide a quote to Mr V without it.

Based on everything I've seen, including the parties' responses to my provisional decision, I see no reason to change the outcome I've reached and I uphold this complaint. AISL should pay Mr V £750 (which includes the £100 it's already agreed to pay) to more fairly reflect the significant upset and inconvenience he's gone through.

AISL has also told our service it's going to review its system to ensure customers aren't impacted by the question relating to UK residency in the way Mr V was. And I think that's the right thing to do in this case.

My final decision

For the reasons I've given, I uphold Mr V's complaint and direct Affinity Insurance Solutions Limited to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 22 July 2025.

Nadya Neve
Ombudsman