

The complaint

B, a limited company, complains about the arrangement of insurance by Coversure Insurance Services (Brighton) Limited.

What happened

The leaseholders for a property containing ten flats held the freehold for the property (though the name of the management company they set up has changed over the years - but is now B). For ease, I'll only refer to B throughout this decision.

From 2014 Coversure arranged property owners/buildings insurance cover for B each year across various insurers. This was arranged via a property management agent acting on B's behalf at the time (that I'll call 'T'). This was the case until June 2023 when T advised Coversure they were looking at placing cover elsewhere. Then in February 2024, T asked Coversure to arrange a new policy, and it acted on these instructions.

B complained to Coversure. They said they hadn't held the freehold for the property between 2016 and 2024. They were unhappy that Coversure hadn't carried out checks on this. They were also unhappy with the sum insured that had been chosen each year and thought this had been inflated due to commission that T were receiving from Coversure.

Coversure issued its final response in January 2025. It said it had set up the cover based on the information given to it by T. It explained that when the cover first started, T gave it a rebuild sum insured from the previous insurer, and this was index-linked by the insurers in the following years. Finally, Coversure confirmed it hadn't paid T any commission.

Unhappy with Coversure's response, B brought a complaint to this service.

Our investigator looked into things but didn't recommend the complaint be upheld. She thought Coversure had been entitled to rely on information given to it by T, as T was acting on B's behalf. She also thought that Coversure had carried out sufficient checks with B that T remained their agent before arranging a further policy in 2024.

B didn't accept our investigator's findings, and so the matter has been passed to me for a decision.

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.

In considering this complaint, I've taken account of relevant law and regulations, regulators' rules, guidance and standards, codes of practice and what I consider to be good industry practice.

I understand that the leaseholders paid T service charge payments each month, and T used some of those funds to pay for the insurance cover.

B found out that T hadn't arranged another policy in 2023 after their existing cover put in place by Coversure had lapsed. It then came to light that T had lost the freehold for B at some point in 2016 but hadn't made the leaseholders aware of this. The freeholder became the government's Bona Vacantia division. This remained the case until B purchased the freehold back in late 2024. They think Coversure ought to have checked that B was the freeholder before arranging the cover, and say they've been paying for insurance that was essentially worthless since 2016.

I haven't seen a copy of the lease, but from what B has said, I assume the responsibility for arranging buildings insurance lay with the freeholder. If that's the case, then because B didn't have the freehold between 2016 and 2024, they didn't have insurable interest in the building itself. In other words, they had no contractual liability to arrange insurance for the building and only held a leasehold interest.

No claims were made in the relevant period, so we can't be sure what the insurer/s would have done if a claim had been made. A claim *may* have been accepted for damage to the individual leasehold properties where the leaseholders held insurable interest but likely wouldn't have been accepted for other areas that the freeholder was responsible for. Though B may want to contact the insurers to check this, because if an insurer was never on risk because it wouldn't have paid a claim at all, it may return the premium paid.

I do have sympathy for B's position here. Though because T was acting on B's behalf, I think it was reasonable for Coversure to rely on the information it had been given by T.

It's not unusual for multi-occupancy policies to be set up in the name of a company acting on behalf of the freeholder, such as a property management company or managing agent. When T first approached Coversure in 2014 (when the leaseholders held the freehold), they asked for the policy to be set up in the name of a limited company - based on the name, I assume this was an earlier property management company formed by the leaseholders.

So, it seems Coversure didn't do anything wrong, as it had arranged buildings insurance cover for the freeholder of the property. This then renewed each year. Coversure has confirmed that in 2017, T asked it to add B to the policy as the freeholder. Presumably that's because B in its current name had been incorporated the previous year.

I think it's reasonable for a broker to rely on the information it has been given in this respect. It wasn't told by T that the leaseholders no longer held the freehold in 2016. I wouldn't expect Coversure to carry out its own investigations to find out if the leaseholders still had the freehold each year. Though even if Coversure had asked T about this, it seems unlikely that T would have provided Coversure with the correct information, given this had been withheld from the leaseholders themselves. So, as far as Coversure was aware, the policies had been arranged in the name of the freeholder. I therefore find that Coversure acted reasonably in arranging the policies.

B has also raised concerns about the policy that was arranged by Coversure in 2024 after receiving instructions from T, as they say Coversure was aware at this time that T no longer represented them.

On 8 February 2024, B's company secretary (Mr M) contacted Coversure to make a complaint relating to the release of information to B. In that email, Mr M explained that B had removed T from acting on their behalf.

A few days later, T got in touch with Coversure to let it know they wanted to proceed with a quote they'd obtained for buildings insurance cover for B. Coversure said they needed a director from B to confirm this. Later that day, one of B's directors at the time called Coversure and confirmed it was fine for it to speak to T and put the cover in place.

I'm satisfied that Coversure did the necessary checks here that B still wanted T to represent them, before arranging the 2024 policy.

Turning to the sum insured. B thinks that T intentionally inflated this to increase the amount of commission it received from Coversure. They say that Coversure could have carried out simple checks and would have realised the sum insured was too high.

Coversure has confirmed that in 2014, T provided it with a rebuild sum insured from the previous insurer. And it has explained that in the following years, the sum insured was index-linked by the insurers. Coversure has confirmed it doesn't provide advice on rebuild costs.

As Coversure has said, index-linking is common in buildings insurance. That's to take inflation into account, but also the rising costs of building materials and overall construction costs. Insurers tend to use the Building Cost Information Service (BCIS) for increases to the sum insured at renewals. I've checked the annual increases to the sum insureds, and I see that the increases were largely in line with the percentage increases listed by BCIS.

I haven't seen the renewal documents for each year, but from those I have seen, T was provided with the schedule including the sum insured for the year ahead and was asked to check the information to ensure it continued to meet their needs. If they thought the sum insured was too high, they could have raised this with Coversure.

So, I don't find that Coversure did anything wrong here.

B say they suspect that Coversure paid T commission, but Coversure denies this. B hasn't provided any evidence in support of this assertion, and therefore I'm not persuaded that Coversure did so.

In conclusion, whilst I do have sympathy for B, it seems to me their concerns mainly lie with T. I see our investigator has directed B to the relevant ombudsman scheme for T that may be able to help them.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 13 November 2025.

Chantelle Hurn-Ryan
Ombudsman