

## The complaint

C complains Tysers Insurance Broker's limited unfairly charged commission that it hadn't disclosed to it between 2015 and 2024.

C is being represented in bringing this complaint by one of its directors, Mr M. For ease I've only referred to C throughout the decision.

## What happened

Tysers arranges commercial property insurance for C. In January 2024, C complained as it had noted Tysers had taken 13% commission at renewal, when it considered there'd been agreement it would only take a 5% commission. In March 2024 Tysers responded to that complaint and agreed to refund the difference.

In its complaint response, Tysers confirmed it also received a 3% 'work transfer fee'. It didn't say this would be refunded; it was included for C's information only. In response C said this had never been disclosed to it and so made a further complaint, it felt this should be refunded.

Tysers didn't agree to refund the work transfer fee, it said this was a fee for services carried out and wasn't commission. It accepted it could've done more to explain the fees it earns and said it would be clearer in future. Unsatisfied with that response, C referred the complaint to the Financial Ombudsman Service for an independent review. It wanted the fee refunded for all years it was charged.

Our Investigator felt some of the tasks covered by the work transfer fee would also typically apply to its standard commission. So it said Tysers should refund 50% of the work transfer fees charged between 2015 and 2024.

C accepted that outcome. It said it expected a refund of £1,146.16 for the 50% of the fee.

Tysers didn't provide a response to our Investigator's findings. As such, the complaint has been passed to me.

In May 2025 I issued a provisional decision on this complaint. I said, based on the information I'd seen, that it would be fair and reasonable for Tysers to refund 100% of the work transfer fee charged. I said Tysers hadn't explained why it was charging the fee as well as charging commission on the policy. A copy of my findings is below.

*The Insurance Conduct of Business Sourcebook (ICOBS) is a set of rules and guidance set out by the FCA, outlining how insurance firms should conduct their business.*

*Section 4.4 of ICOBS set out the rules in relation to commission disclosure for commercial customers. It says (4.4.1(1)) "An insurance intermediary must, on a commercial customer's request, promptly disclose the commission that it and any associate receives in connection with a policy." DISP also sets out that commission includes any form of commission or remuneration in connection with insurance distribution activity. So even though Tysers referred to the 3% as a fee for services, I still consider this to be caught by the disclosure requirements.*

*From at least 2022 C asked about commission payments; it wanted more information on them. Tysers accepts it hasn't been clear on this fee, that's been applied to the policy since*

*inception in 2015. It was only in 2024, when Tysers provided C with renewal information, C asked that it confirm the split of how the premium breaks down in terms of tax and commission etc. Tysers disclosed its commission, and the “work transfer” which it described as “3% of the Residential Property Owners premium...for all certificate, policy and documentation issuance services performed on behalf of insurers.”*

*Given what I’ve said about the requirements in DISP above, I’m satisfied based on what I’ve seen that there was a failing on Tysers part to disclose, when asked, commission including remuneration. That failure happened from 2022. Although its possible C had also asked Tysers in the years prior to disclose commission fees payable – and I just haven’t been provided this information. But as I’m satisfied there was a failing from 2022, the next thing for me to consider is, has C lost out as a result of this failure?*

*I intend to decide that C has most likely lost out as a result. By Tysers withholding this information, C wasn’t able to make an informed choice about whether it wanted to agree to paying that commission. And I think that C would’ve likely acted differently, had it been disclosed earlier. C was very keen to understand what was being charged and the reasons for that, to ensure the best value for money on the policy. It considered the 13% commission previously charged to be too high, and it said with the work transfer fee added it had effectively unknowingly been paying 16% commission. C also made clear to Tysers at previous renewals that it would rather go to another broker, and pay a higher commission, if it meant that broker was transparent with them on what was being charged and why.*

*I think had C known in 2022, when it asked about commission, that this extra 3% was being charged, it would have most likely acted differently and sought assistance from another broker. And so it follows I think Tysers’ failure has most likely caused C to lose out. As such I intend to require it to refund the 3% fee charged from 2022.*

*However, as set out above, C might have also, prior to 2022, asked for Tysers to disclose the commission payments. So it’s possible Tysers also failed to disclose commission in previous years. I’ve also considered that even if C hadn’t asked about commission prior to 2022, is it fair that Tysers charge the additional 3% interest charged on top of the 13%? Based on what has been provided, I intend to also ask Tysers to refund the 3% fee charged from 2015 – 2021.*

*This is because it hasn’t reasonably explained why it was charging this 3% fee, in addition to the commission payment it was taking. In my experience, a commission retained by a broker typically goes into covering any work it does, when arranging and sourcing the policy as well as covering the cost of any other services it might provide to the insured. Tysers hasn’t explained why the additional 3% was charged or what it was covering in addition to the main 13% charged. So it hasn’t demonstrated this isn’t in effect, a duplicated fee.*

*So it seems to me that Tysers has charged C a second fee for work it had already accounted for in the 13% commission payment. That doesn’t seem fair or reasonable. So in the absence of any response from Tysers as to why it considers this additional 3% justified to charge, I intend to decide it should also refund the 3% fee charged from 2015- 2021.*

*And as C has been unfairly without those funds, Tysers will need to add 8% simple interest onto each refunded amount (for each policy term) from the date that fee was paid, until the date of settlement.*

#### Responses to my provisional decision

*C didn’t have anything to add, it said it was happy with the provisional findings. Tysers said it didn’t accept it.*

It said it had replied to our Investigator's view to explain that the 3% work transfer fee was only paid by the insurer, to the broker. And that cost hadn't been passed onto, or paid, by C. So it said if it were to refund any amount, it would only be doing so to the insurer, since it was the insurer who'd paid the work transfer fee. It also stressed this wasn't a commission, and it continues to not be readily divulged by insurance brokers, but it took the decision to do so for complete transparency reasons.

It further said it receives the fee for processing and issuing the insurance policy documentation.

Having received Tysers response, I asked it to evidence it had previously provided that information to this Service. I also asked that it provide a copy of its Terms of Business Agreement (TOBA) with the insurer, to support its claim that any work transfer fee cost wasn't passed on to C. Tysers provided no further response.

### **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 find Tysers' response to my provisional decision – that the 3% work transfer fee wasn't paid by C – to be at odds with what it has previously said. In response to C's concerns about the 3% work transfer fee, Tysers had previously said the fee was "*properly payable and reasonably charged as part of the insurance premium*". I take this to mean the fee was included in the premium paid by C.

However, in response to my provisional findings Tysers said "*We must make it clear that the [insurer] pay Tysers for the work we undertake on their behalf, this is not charged to the insured or paid by the insured.*" So it's now saying C didn't pay that fee as part of the policy premium.

Clearly, these statements are contradictory. I have requested further information from Tysers as to its arrangement with the insurer and invited it to explain why it has previously told C the 3% fee was payable and charged as part of the insurance premium, when it's now saying it wasn't. However, Tysers hasn't provided a response to this Service. As such, in line with the dispute resolution rules (DISP), specifically DISP 3.5.9(3) I'm going to decide the complaint based on the information I already have, taking account of Tysers' failure to provide information requested.

Having done so, I see no reason to depart from the findings set out in my provisional decision in relation to the work transfer fee. And as such, I'm persuaded it's more likely than not that Tysers *has* charged C a second fee for work it had already accounted for within its commission payment. Its response hasn't persuaded me that the extra 3% charged was justifiable. The only work it says it is doing on behalf of the insurer is in the issuing of policy documents. As set out in my provisional findings, I consider this is commonly accounted for already in the commission Tysers receives from arranging the policy. Its comments haven't altered my findings on that.

I note Tysers maintains the fee isn't a commission payment, however I consider DISP is clear that it considers any form of remuneration in connection with insurance distribution activity should be disclosed, when asked, where the consumer is a commercial one. I'm satisfied that the fee is remuneration, and so for the reasons set out in my provisional decision, I think there was a failure of Tysers in not making this clear to C.

As such, for the reasons given in my provisional decision, and those set out above, Tysers will need to refund the 3% work transfer fee charged between 2015 and 2024.

### **My final decision**

My final decision is that I to uphold this complaint and I direct Tysers Insurance Broker's limited to refund the work transfer fee charged for each policy year from 2015 until 2024. Onto each amount it refunds, it will need to add 8% simple interest per annum\* from the date the fee was paid, until the date of settlement.

\* HM Revenue & Customs may require Tysers to take off tax from this interest. If asked, it must give C a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 24 July 2025.

Michelle Henderson  
**Ombudsman**