DRN-5650473

The complaint

A company, which I'll refer to as T, complains that Arthur J. Gallagher Insurance Brokers Limited ("AJG") sold a business protection insurance policy which did not meet its needs.

Mr H, a representative of T, brings the complaint on T's behalf.

What happened

T runs wellbeing retreats and events. It had some bell tents on site which were damaged by high winds during bad weather.

T had business protection insurance, which it had bought through AJG. T made a claim on the policy for the damage and for the lost income caused by the loss of use of the tents, but the insurer said the tents were not covered by the policy.

T complained, saying the bell tents should have been included and they had been omitted due to an error by AJG when arranging the policy. AJG accepted there had been an error but said the claim would not have been covered even if the tents had been included on the policy.

T referred the complaint to this Service. It said:

- The tents had been included on a previous policy, and when a new policy was arranged they should not have been omitted without making this clear.
- If it had been made clear the tents were not included, it could have found a different policy that did include them. The damage would then have been covered.
- As it was AJG's error that caused it to lose out, AJG should compensate for this.

Our investigator didn't think the complaint should be upheld. He said there was no dispute that AJG had made an error, but he had to consider what would have happened if there had been no error and the evidence indicated the insurer would never have covered the claim. So T hadn't lost out as a result of AJG's actions.

Mr H disagrees and, on behalf of T, has requested an ombudsman's 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.

T claimed for business interruption as well as the damage to the tents. A business interruption claim would only be covered if the damage claim was also covered (which is generally the case with this type of policy). So if the tents were not covered for the damage claim, a business interruption claim wouldn't be covered either.

The claim wasn't covered and T says that was due to AJG's error.

AJG didn't provide the insurance cover, which was underwritten by an insurer. But it sold the policy to T and this was an advised sale, so AJG should have ensured the advice it gave was suitable and the policy it recommended was consistent with T's needs.

T originally took out insurance through AJG in 2018 and then renewed it each year. In 2021, T asked for the bell tents to be included in the insurance and that was arranged, but they were not included at the renewal in 2022 or in 2023.

AJG has accepted it made a mistake when it didn't include the bell tents in the application to insurers and there's no dispute about that. So I don't need to determine this – what I need to decide is whether T suffered a loss as a result of that error. The fact that something went wrong doesn't mean T is automatically entitled to have the claim covered. I need to decide what would have happened, if the error had not occurred.

T asked for the tents to be included in 2021. AJG said they could be added and confirmed what the premium would be, but said "*Please note that cover will be restricted to Fire, Lightning, Aircraft, Explosion and Earthquake only*"

So although the bell tents were added to the policy, they were only covered for these risks.

This type of cover is sometimes referred to as "FLEA" cover, and limits the cover to things like Fire, Lightning, Explosion, and Aircraft impact; it doesn't include other risks such as flood or storm damage. So the tents were not covered for damage due to high winds. T agreed to proceed on that basis.

There was also an exclusion for damage to moveable property caused by theft, wind, snow or flood, which is a common term for this type of policy and had been included since the first policy in 2018.

I can see AJG checked with the underwriters, who confirmed the bell tents could have been included again in 2022 and 2023, but this would have been on the same basis.

For me to uphold the complaint, I would need to be satisfied that T would only have proceeded with the insurance if the tents were included – and, if they had been, they would have been covered for this loss.

Mr H says T would have got a different policy, and other policies would have covered storm damage – so they could have got cover for the tents if they had known they were not covered.

I've considered his comments carefully but I'm not persuaded this would have happened, because:

- When the bell tents were added in 2021, T was told the tents were not covered for this type of damage and it agreed to take the policy anyway.
- Even if the tents had been included again in the following years, this would have been on the same basis with "FLEA" cover only – so they would never have been covered for damage due to high winds.
- T continued with the policy thinking the tents were included but even if they had been, the cover would still have been limited.
- Mr H says if they had known, T would have got a policy elsewhere that would have covered the tents – but they didn't do that when they were told about the limitation on cover.
- On this basis, if the error had not occurred, it's likely the tents would have been

included. But they would not have been covered for storm damage. T would have gone ahead with the policy in the same way that it had before. So it would not have been covered for the damage.

Mr H has also said, based on the wording of the policy schedule, the tents should have been insured. I'm not considering the insurance claim but the insurer has said they were not covered. If he disagrees, that would need to be considered as a separate complaint against the insurer.

He also says it wouldn't be fair for the policyholder to be sold something they could never claim on. I agree it wouldn't be fair to sell a policy if T couldn't have claimed on the policy at all. But there were other risks that were covered and it could have claimed for those other risks if necessary.

This has been a difficult situation for T due to the losses it suffered but, for the reasons given, I don't think AJG is responsible for the loss.

My final decision

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 24 September 2025.

Peter Whiteley
Ombudsman