DRN-5653944

The complaint

A director of "W", a limited company, has complained that Society of Lloyd's ("Lloyds") did not make W aware of a Schedule of Endorsements, which it added to W's policy without W's agreement, in breach of contract.

Any reference to Lloyds in this decision includes its appointed agents and representatives.

For ease, I'll refer to the director's comments as W's throughout this decision.

What happened

W is a property development business. In 2018 it was about to start work on a development of some residential dwellings, so it contacted Lloyds about the cover it could provide.

Lloyds provided a quote for structural insurance in respect of two houses. The quote didn't include a copy of any Schedule of Endorsements. W accepted the quote through an exchange of emails and a conditional policy letter was issued, saying that a certificate of insurance would be provided, subject to satisfactory technical inspections.

The technical audits took place and reports of those inspections were produced. The final Certificate of Insurance was issued in November 2019. A Schedule of Endorsements was applied to reflect the results of the technical inspections that had taken place.

In 2024, W raised a complaint. It said it had carefully reviewed the paperwork following completion of the development and had noted for the first time that the Schedule of Endorsements had been issued. It considered the addition of each schedule, which included 8 new exclusions to policy cover, to be a breach of contract. It requested that replacement schedules be issued, without the 8 endorsements.

Lloyds didn't comply with the request. It said, in response to W's complaint, that the endorsements were standard based on the make-up of the sites and were therefore site-specific and could not be removed. It also said the requirement to read the policy documents in conjunction with both the Certificate of Insurance and any applicable endorsements was referred to in the policy documents at least twice.

Lloyds later added that both the Certificates of Insurance dated July 2018 and January 2021 contained the standard 8 endorsements in full. So the policyholder was informed of these when each of the certificates were issued.

W didn't accept Lloyds' response and referred its complaint to this service. Our Investigator considered the complaint, but didn't recommend the complaint should be upheld. She said she was persuaded that when W took out the policy it was provided with enough information to know that there were conditions to cover, as a Certificate of Insurance would be issued once the building work was signed off, subject to technical inspections.

W didn't accept our Investigator's assessment. It said, among other things, that a contract could only be amended by written agreement of all parties. And that there was no mention in

the contract of any right to add endorsements and thereby reduce the level of cover provided by the policy.

Because W didn't agree with our Investigator's view, the complaint has now come to me for 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.

As this is an informal service, I'm not going to respond here to every point raised or comment on every piece of evidence W and Lloyds have provided. Instead, I've focused on those I consider to be central to the issue in dispute. But I would like to reassure both parties that I have considered everything submitted. And having done so, I'm not upholding this complaint. I'll explain why.

The crux of this complaint is that the addition of the Schedule of Endorsements to the insurance policy constitutes a breach of contract and that these endorsements did not form part of the policy that was taken out by W.

W says that as a matter of law, the insurance contract can only be varied by agreement between the parties and that there was no such agreement when the policy was amended by way of the Schedule of Endorsements. It also says there was nothing in the policy which would allow the insurer to add exclusions to the policy.

But I don't agree. I've considered the terms and conditions of the policy carefully. And at page 1 of the policy, the terms state:

"This Policy sets out the Insurance cover provided for the Residential Property. The Policyholder is requested to read the Policy together with the Certificate of Insurance and any applicable Endorsements. These are important documents. If any information is not clear please contact the Scheme Administrator"

Details of the Scheme Administrator are set out in the definitions section of the policy, and the Scheme Administrator's name and address are made clear. So I'm satisfied that the policy provides enough information to show that it would need to be read in conjunction with other documents, namely the Certificate of Insurance.

Page 2 of the policy says:

"This Policy and Certificate of Insurance together with any Endorsements should be read as if they are one document".

I'm satisfied that if this statement was in any way unclear, or if W didn't agree with it, W had the necessary information to be able to clarify matters with Lloyds before continuing with the policy. Cancellation terms were set out in the policy document and these made clear that the policyholder could cancel the policy within 14 days of receiving the policy documents. So I'm satisfied that W had the opportunity to cancel if it didn't agree with the policy terms – and these terms included reference to the Certificate of Insurance and endorsements.

W has complained that the policy terms didn't give the insurer the legal right to amend the policy, but again I don't agree that the policy that was taken out was amended without the agreement of both parties. The policy states at page 3: *"Extensions in cover at the time of issue of the Policy and subsequent alterations will be confirmed by separate Endorsements,*

which should be filed with the Policy. The Policyholder should refer to these Endorsements and the Policy to ascertain the precise cover in force at any time."

So it's clear that the policy W took out and agreed to, contained provisions allowing separate endorsements to be filed with the policy.

I've also seen evidence that a Conditional Policy letter was emailed to W on 4 July 2018, which said that any defects discovered during the course of technical inspections would be listed on the Insurance Period Certificate and excluded from cover until such defects had been rectified. So W would've been aware at a number of different stages that the policy could be amended.

I'm also satisfied that W was made aware that the Certificate of Insurance would be issued once the building had been signed off. These provisions were made clear on page 3 of the policy and again referred to the fact that the Certificate of Insurance should be filed with the Policy. The Schedule of Endorsements was attached to and formed part of the Certificate of Insurance – and I've seen evidence that these documents were provided to W, though it is clear from the testimony in this complaint that the relevant documents weren't read until 2024.

I've seen, for example, copies of letters dated January 2020 and March 2021, enclosing the Certificate of Insurance and the Schedule of Endorsements. These letters included contact details and invited W to direct any queries to Lloyds. And it was also made clear to W that exclusion free insurance would be *"subject to satisfactory technical inspection/audit".*

And although W has said a contract can only be entered into by explicit written agreement of the parties, it can also be entered into by the conduct of the parties, where actions demonstrate a mutual intention to create a legally binding relationship. W did not at any point seek to cancel the cover taken out, even though it was provided with all the relevant information and given a cooling-off period to do so.

The policy was sold to W on a non-advised basis. This meant it was for W to check whether it met its needs – and as I've said, it's clear the key documents weren't looked at properly until 2024 when the complaint was raised. I'm afraid in the circumstances, as the policy clearly referred to endorsements, and all the relevant information was sent to W to check, I'm unable to say Lloyds has acted unreasonably here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 10 October 2025.

Ifrah Malik
Ombudsman