

The complaint

A limited company, which I will call W, has complained about the service provided by Advisory Insurance Brokers Limited trading as Towergate Insurance Brokers when arranging its business protection insurance cover.

Mr F, one of the directors of W, has brought the complaint on its behalf.

What happened

W instructed Towergate to arrange its insurance cover in 2023. W had cover for intellectual property infringement ("IP" cover), and professional indemnity (both of these policies were with the same insurer but had different renewal dates) and a combined commercial policy.

W says that Towergate did not act in its best interests when arranging these policies and raised a number of complaint points. The main issues raised are summarised below:

1. Towergate set up a premium finance arrangement for payment of the combined commercial policy premium, which meant W incurred interest. However, Mr F later found out that the insurer offered an interest-free payment plan. W says this was not offered to W and Towergate arranged the finance agreement for its own benefit, as it received a higher commission as a result.
2. Towergate overcharged for the premium for this policy.
3. When W changed to a different broker, they arranged for it to pay for the combined commercial policy by interest free direct debit. The insurer said it had not been paid the premium by Towergate, so the direct debits were higher than they should have been to include the amount that should have been paid by Towergate (an extra £100 per month for three months). This meant W had been paying interest on the premium credit agreement when the premium had not been passed onto the insurer. W is also concerned it was not covered during this time.
4. The IP policy wasn't renewed before it was due to expire on 31 March 2024.
5. It questions whether the IP infringement policy and that insurer was the best option for the professional indemnity cover. Mr F says he has been advised that while this policy is comprehensive, it's suited to service providers that have larger clients, who can comply with the policy terms more easily. Many of W's clients could not afford, or queried, the additional cost of services needed to comply with the insurance. Mr F says the insurer said it would not have offered the package if he had contacted it direct.
6. Towergate's published email address on its website didn't work.

Towergate said it did not have an interest free option to offer W. It says insurers offer different options to different brokers and it did not have an interest free option. It said the premium charged was correct but there had been a query with the insurer of the combined commercial policy, which was resolved in August 2024 and the full premium was paid to the insurer then. Towergate said W was covered throughout and as it was no longer acting for Mr W, it could not claim back any overpayment of premium (*i.e.* the additional £100 for three months) from the insurer, and this would need to be done by W's new broker.

Towergate also said the cover arranged was suitable for W's size of business. It said there had been discussions about the cover and W had all the necessary information and had never raised any concern about the compliance issues before.

As Mr F remained unhappy with Towergate's response to W's complaint, he referred the matter to this service.

Mr F wants an award that the interest paid to the premium loan be reimbursed, as well as compensation for not paying the insurer and leaving W at risk; for not renewing the IP policy; for not providing value to W and for it losing business based on Towergate's recommendation. Mr F also wants Towergate to be required to provide training so they provide a better service.

After Mr F referred the complaint to us, Towergate apologised for the email issue and offered £50 compensation for this. Towergate also said that, as W was able to get an interest free payment option through its new broker, it would offer £100 compensation in recognition of the extra interest payment it paid under the premium finance agreement (amounting to £46.31) rounded up to allow for interest and inconvenience.

One of our Investigators looked into the matter.

The Investigator said that we could not consider the complaint about the credit agreement and there was no evidence that an interest free agreement was an option that Towergate could have offered. She also considered that any overpayment of the premium would be for W's new brokers to resolve. The Investigator thought that the offer made by Towergate to pay £100 in respect of interest paid by W was reasonable.

As W had told Towergate it was changing brokers with effect from April 2024, the Investigator did not think it had acted unreasonably in not arranging the renewal of W's IP insurance cover in 2024.

The Investigator also said she not think the IP infringement policy recommended was unsuitable and that Towergate had provided information that was sufficiently clear about the cover for W to have made an informed choice about taking it.

The Investigator also considered the concerns W had about the premium for the combined commercial policy and said the premium taken was correct.

W has confirmed that it accepts the premium was correct and so that is no longer in dispute.

W does not accept the rest of the Investigator's assessment.

As the Investigator was unable to resolve the complaint it has been passed to me.

Harriet McCarthy
Ombudsman