DRN-5734724

The complaint

W, a limited company, complains about what Academy Insurance Services Limited did at the sale and renewal of its property owner's insurance policy.

What happened

W is a residents association which manages an area of land. It has had insurance arranged through Academy for a number of years. Last year it complained Academy had provided poor service when it sought to update board member details. And it raised concerns its policy didn't include employer's liability insurance which it thought was a legal requirement. Academy accepted there had been issues with the service it provided and agreed to pay W £100 and waive policy cancellation fees. But, as W hadn't requested employers liability cover, this hadn't been included (and the policy information made that clear).

Our investigator said information wasn't available from when the policy was first taken out in 2006 so it wasn't possible to say what was discussed then. But she thought the information provided at subsequent renewals made clear what it covered. And it didn't appear W had any employees for whom cover would be required. She agreed there had been customer service issues following W's contact in 2024 but thought the compensation Academy had already offered did enough to put things right here.

W didn't agree. It said it didn't have any employees but had been told by its new insurer that, under the relevant legislation, board members would be classed as employees and so insurance was required for them. That hadn't been explained to it by Academy (as it should have been) and meant it (and board members) were at risk from not having this cover in place. It didn't think the compensation offered was reasonable given the failings it thought Academy was responsible for.

So I need to reach a final 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.

I think it's agreed the sale (and subsequent renewals) of this policy was on an advised basis. Academy's terms of business say its services include "*advising you on your insurance needs, arranging your insurance cover with insurers to meet your requirements and helping you with any ongoing changes you have to make.* For an advised sale the relevant rules say "*a firm must take reasonable care to ensure the suitability of its advice for any customer who is entitled to rely upon its judgment".*

I understand W's key concern in this case is Academy didn't advise it to take out employer's liability insurance when the policy was first taken out or at subsequent renewals. And it only became aware this was something that should have been in place when it moved cover to a different insurer and they said this was required.

But it's not clear to me this is something W needs. I understand the relevant legislation is the Employers' Liability (Compulsory Insurance) Act 1969. That says employer's liability insurance is required for employees which it defines as "*an individual who has entered into or works under a contract of service or apprenticeship with an employer whether by way of manual labour, clerical work or otherwise, whether such contract is expressed or implied, oral or in writing".*

I think a contract of service with an employer is generally understood to mean a contract of employment. And while I recognise W has board members it says they serve in a voluntary capacity and don't receive a salary or other expenses for carrying out that role. So I'm not clear they would meet the definition of an employee contained in the 1969 Act. I appreciate W's new insurer may have advised employers liability insurance should be taken out but I'm not clear on what basis they concluded that was required.

In any event the question I need to consider is whether Academy took reasonable care to recommend a policy that was suitable for W's needs, based on the information available to it at the time. It's not clear what information was provided to Academy but W has been clear it didn't (and doesn't) consider it has any employees. So if that was the basis on which Academy was asked to advise on a suitable policy I don't think it would have been at fault in recommending one that didn't include employer's liability insurance.

Academy was also required to provide W with clear, fair and not misleading information about the policy. The policy schedule contained a section headed "*other sections available that you have chosen not to cover*" which listed (amongst other things) employer's liability insurance. So I think W would have been aware that wasn't something it had taken out.

W is also concerned a proper review of its needs wasn't carried out at subsequent renewals. We wouldn't generally expect a seller to go through the same process at each renewal as they would when the policy was first sold. Sellers normally invite renewal based on the information they currently hold about the policy holder including anything the policy holder has disclosed throughout the term of the policy.

However, I appreciate W held this cover for a number of years and on that basis argues a more detailed review should have taken place within that period. But even if that had been done the information about its demands and needs doesn't appear to have significantly changed from when the policy was first taken out. I don't think a more detailed review would have led Academy to recommend different cover to that which W already had in place.

I do agree there were issues with the customer service Academy provided when W contacted it to update its details. For example, it's accepted there was delay in progressing that and a promised call wasn't provided. I appreciate that will have caused W some inconvenience but I think the £100 compensation Academy has already agreed to pay (along with waiving policy cancellation fees) does enough to recognise the impact of that on W.

My final decision

Academy Insurance Services Limited has already made an offer to pay £100 to settle this complaint (and waive policy cancellation fees). I think this offer is fair in all of the circumstances so my decision is that Academy Insurance Services Limited should do that.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 26 September 2025.

James Park
Ombudsman