

The complaint

A company, which I'll refer to as W, complains that HDI Global Specialty SE cancelled its business protection insurance policy.

Mr F, who is a director of W, brings the complaint on W's behalf.

What happened

W is a firm of chartered surveyors. Mr F, who's the sole director, took out a 'Surveyors and Valuers' insurance policy for W. He bought the policy through a broker. It's underwritten by HDI, but HDI gave the broker delegated authority to deal with the policy on its behalf.

As part of a review, the broker contacted Mr F. The broker's in-house underwriting team wanted to check the activities being carried out by W.

Mr F explained that he was a chartered surveyor providing professional advice on various matters including rural land and property sales. He also said he had on occasion given professional advice relating to compulsory purchase for infrastructure projects, including railways.

After considering the information provided, the broker told Mr F it would cancel his policy because work relating to railways was outside the underwriters' risk appetite.

Mr F found another policy for W but he complained about this policy being cancelled. He's explained this made it difficult for him to find another policy for W at a similar cost, as he had to disclose the policy cancellation.

Our investigator said it wasn't fair for HDI to cancel the policy as it hadn't provided any underwriting evidence showing it would not be willing to offer a policy to W. She said HDI should pay compensation of £200 for the distress and inconvenience caused, and provide a letter explaining what had happened, which Mr F could show to W's new insurer.

HDI didn't accept the investigator's view and 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.

The policy terms do allow HDI to cancel the policy on giving 30 days' notice in writing. So HDI can cancel the policy, but this is discretionary and when exercising a discretion, a firm should act reasonably, taking into account the need to treat customers fairly.

I can consider whether it was fair and reasonable to apply this term and cancel the policy in the circumstances of this case and I don't think it was, for the following reasons:

- HDI says it wasn't prepared to provide cover for W if it carries out work relating to railways, as this type of work is outside its risk appetite.

- It's for insurers to decide what risks they want to accept and they will consider this when deciding whether to offer a policy. But the insurer needs to demonstrate the risks it will or will not cover. If HDI says it isn't prepared to accept this type of risk, I'd expect it to provide underwriting evidence of this.
- The investigator asked HDI for underwriting evidence. It didn't provide this, but referred to an exclusion in the policy terms relating to railway work and says this shows it doesn't take on this type of risk.
- The exclusion is in the Public and Products Liability section of the policy. This section covers claims made against W for bodily injury or property damage. The exclusion says a claim against W under that head of cover would be excluded if it involves 'High risk work' - which includes work at or in relation to railways - unless this has been disclosed and accepted before the policy starts. So the exclusion itself indicates this type of risk may be covered, if it has been disclosed to HDI and accepted when the policy is sold.
- What this shows is that there's an exclusion which limits HDI's liability for certain types of claim under one of the insured perils in certain circumstances. If W made a claim under this particular head of cover which related to railway work, that claim would likely be excluded. It doesn't show HDI is not prepared to offer cover at all to someone who carries out this type of work.
- Mr F says W no longer carries out this type of work but even if it did, and HDI had been aware of this, the evidence HDI relies on doesn't show it would not offer a policy – it simply shows HDI might not agree to cover this type of claim. Other claims would still be covered (subject to any other terms or conditions that might apply).
- While it might be fair for HDI to exclude a claim where this exclusion applies, that doesn't mean it was fair to cancel the policy and leave W without any cover at all.

The decision to cancel meant Mr F had to find another policy at short notice, at a time when he wasn't expecting to have to do that. The policyholder is W, which is a limited company, not Mr F himself. I can't award compensation for distress to a limited company. But Mr F was put to the trouble of suddenly having to find another policy, which would have taken him away from other activities. So his company was caused some inconvenience. In the circumstances I think it's fair to compensate W for that.

Mr F has also explained it was difficult to find another policy for W, as he had to disclose the policy cancellation. HDI should provide a letter confirming the policy is not being treated as cancelled, which Mr F can provide to the new insurer.

My final decision

I uphold the complaint and direct HDI Global Specialty SE to

- Remove any record of the policy being cancelled and send a letter to W confirming the policy is not being treated as cancelled.
- Pay compensation of £200 to W for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 3 December 2025.

Peter Whiteley
Ombudsman