

## **The complaint**

Mr T complains that HDI Global Speciality SE won't offer him a buildings insurance policy following a subsidence claim.

Reference to HDI includes its agents and representatives.

## **What happened**

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Mr T took out a building insurance policy through a broker, B, which was underwritten by HDI and administered by another company, C.
- Mr T made a subsidence claim in 2022. HDI accepted it and began taking steps to deal with it. The policy renewed in 2023.
- Ahead of the 2024 renewal, B let Mr T know it could renew the policy, including subsidence cover, with a premium of around £1,500. C would remain the administrator, but now on behalf of another insurer, D.
- Mr T queried the premium increase, following which B renewed the policy with another insurer, E, for around £400. B has accepted it made an error during the renewal, because it didn't tell E about the ongoing subsidence claim with HDI. E later became aware, and it didn't offer to renew the policy in 2025.
- Before the 2025 renewal, Mr T asked for HDI to provide a policy, including subsidence cover, as it dealt with the subsidence claim. HDI said it wouldn't, as he was now a new customer, and it didn't offer subsidence cover to new customers.
- Our investigator noted it wasn't Mr T's fault that continuous cover wasn't maintained. And, as HDI dealt with the subsidence claim, in line with relevant guidance, it should offer continuous cover.
- An agreement wasn't reached, so the complaint has been passed to me.

## **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.

- When considering what's fair and reasonable in the circumstances I've taken into account relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Whilst I've read and taken into account everything said by both parties, I'll only comment on the points I think are relevant when reaching a fair outcome to this dispute. That's a reflection of the informal nature of this Service.

- This decision is against HDI. So I won't be able to consider the actions of any other parties it's not responsible for, such as B or the other insurers I've mentioned. I can consider the actions of C insofar as it was acting as an administrator on behalf of HDI, but no further. Mr T is entitled to make separate complaints if he wishes.
- This complaint is about HDI not offering a policy in 2025. So I won't consider any other matters it's responsible for, such as the way the claim was handled.
- Whilst I can't consider a complaint against B, it's accepted it made an error at the 2024 renewal. And that caused Mr T to lose out on subsidence cover, through no fault of his own. I think that's important context to this complaint.
- As Mr T has found, with an ongoing or recent subsidence claim, it can be very difficult for a consumer to find an insurer willing to offer subsidence cover. Most insurers won't offer cover at all. And those which do offer it tend to do so with a significantly increased premium and/or subsidence excess.
- That's why the Association of British Insurers ("ABI") provides guidance to insurers in these circumstances. In summary, if an insurer deals with a subsidence claim for a consumer, the guidance says it's usually good practice for the insurer to offer continuous buildings insurance, including subsidence cover.
- There are a number of circumstances in which the ABI guidance may not apply. Usually that would be where the risk is fundamentally changed or significantly outside of usual underwriting criteria. For example, if the home became a commercial premises or the consumer attracted a fraud marker. Aside from these kinds of underwriting challenges, or where a consumer has acted unreasonably, the broad aim of the guidance is to ensure policyholders can continue to access subsidence cover. It repeats that continuous cover should be maintained wherever possible.
- In short, HDI hasn't followed the guidance – despite being a member of the ABI.
- HDI didn't offer a renewal in 2024. Whilst C continued as administrator, the offer to renew was on the basis that the underwriter changed to D. Whether this change was driven by HDI or C is irrelevant, as C was acting as an administrator on HDI's behalf. So, HDI, or C acting on HDI's behalf – which, as far as I'm concerned, is effectively the same thing – chose not to offer a renewal in 2024. That was contrary to the ABI guidance I've summarised above.
- And, when Mr T discovered the problem and sought cover from HDI in 2025, it didn't offer any. That was again contrary to the ABI guidance.
- I accept HDI's point that the guidance is technically voluntary – it's not a rule or regulation. However, it's been in place for around twenty years and has been routinely followed throughout the home insurance industry during that time. So I'm satisfied it represents longstanding good industry practice – which is one of the factors I'm required to take into account. As a result, I think it would be fair and reasonable for HDI to follow the guidance. Or, if it is to depart from the guidance, it should only do so for a compelling reason. For example, if the particular circumstances meant the guidance didn't apply, or Mr T had acted unreasonably.
- HDI argues that Mr T was a new customer. That wasn't the case in 2024. And I think it's unreasonable to describe him as a wholly new customer in 2025. At that time, HDI was still concluding his subsidence claim. And his request for continued cover

was solely in relation to being an existing customer of HDI. Furthermore, the ABI guidance doesn't exclude a customer in Mr T's circumstances – it's focus is on the insurer who handled the subsidence claim providing continuous cover.

- It isn't the case that Mr T knowingly moved his insurance away from HDI – and then returned to HDI many years later. If it was, I would take that into account. Instead, it's clear B's error prompted him to move, unaware of the error or the impact it would have. As soon as he became aware of the problem, he took steps to resolve it. So I don't think Mr T can be said to have acted unreasonably or to have contributed to the problem in any way. I think that's a key factor in this particular case.
- HDI also argues that B caused the problem, so Mr T's complaint should be referred to B. As I noted above, Mr T is entitled to make a complaint about B if he wishes, but that's a separate matter. This complaint is about HDI alone – and whether HDI acted fairly and reasonably in the circumstances. So that's where the focus should be. The wider context of how other parties have played a part in the matter is relevant, but it doesn't determine the outcome of this complaint. In short, if HDI acted fairly and reasonably, this complaint wouldn't be upheld – regardless of any other parties.
- HDI has offered no other reasons that might mean it would be fair and reasonable to act contrary to the longstanding good industry practice set by the ABI. Based on my findings above, I'm not satisfied it's presented a compelling reason to depart from the guidance. So I'm going to require HDI to follow the guidance and offer continuous cover, including subsidence. I'm going to set a minimum of three policy years.
- That doesn't mean I'm restricting HDI to *only* three years. It means, after the third year, HDI is entitled to consider whether anything significant has changed. For example, if by that time Mr T can access subsidence cover more freely in the market, it *may* not need to offer continuous cover any longer – though it can choose to do so. Or if the risk is fundamentally changed or significantly outside of usual underwriting criteria along the lines I noted above, that *may* mean the guidance no longer applies. There may be other reasons too, these are just examples.
- I recognise this leaves Mr T with a degree of uncertainty. But I don't think it would be fair and reasonable to require HDI to provide continuous cover indefinitely and regardless of any other factors. And I would urge HDI to keep the ABI guidance in mind after the third year, to ensure it acts in line with good industry practice.
- HDI remains entitled to set and apply its commercial judgement as it sees fit. So it can follow its pricing rules when deciding what premium to charge and what other terms to set, such as the subsidence excess. But it should bear in mind the purpose of the ABI guidance is to enable customers to continue to access subsidence cover. So I think it's an implicit part of the guidance that premiums and excesses will be set at a reasonable level. If either is set unreasonably high, customers may not be able to afford the cover, or the excess may erode much of it. In which case the purpose of the guidance won't be met.
- In order to meet my requirement, HDI may need to collect more underwriting information from Mr T and/or arrange for a broker or other insurance intermediary to arrange the policy on its behalf. I think that's reasonable in principle, though HDI should understand that it alone remains responsibility for fulfilling the requirement, even if it chooses to do so through another party.

## **My final decision**

I uphold this complaint.

I require HDI Global Speciality SE to provide home insurance, including subsidence cover, for a minimum of three years.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 20 March 2026.

James Neville  
**Ombudsman**