

The complaint

M and Mr M and Mrs M complain about errors made by U K Insurance Limited when setting up their landlord insurance policies.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here.

Mr M and Mrs M are the directors of M (a property management company). At the relevant times, they had landlord insurance underwritten by UKI. There were two policies, each covering a number of properties they own and rent out.

I'll mainly refer below to Mr M, who has brought this complaint to us and who was the main contact for UKI.

Mr M contacted UKI to change some of the policy details and was surprised to find that one of the policies didn't cover all of the properties he'd asked to be covered when he took out the policy.

He made a complaint to UKI, who admitted their administrative error and paid £25 in compensation. They've assured Mr M that if there had been a need to make a claim during the relevant period, they would have provided cover, given that it was clear it was their error which meant the properties in question weren't on the policy.

Mr M wasn't happy with this and brought his complaint to us. He thought UKI should refund the premiums paid on the policies, given that they didn't actually provide the cover he thought he'd bought.

Our investigator looked into and thought UKI hadn't acted fairly. She thought the compensation paid by UKI was too low given the trouble and upset UKI's error has caused – and should be increased to £100.

She also thought UKI should pay the broker and administration fees Mr M had paid to set up policies with a different insurer after this incident caused him to lose faith with UKI.

UKI disagreed and asked for a final decision from an ombudsman.

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 should say first of all that it's arguable that the UKI ought to have been clearer when setting up the policies about the ownership of the properties and the parties insured. The policy is in Mr M's name, with Mrs M named as someone with a financial interest.

As I understand it, Mr M owns at least one of the properties insured, as does Mrs M, whilst

some are actually owned by their company, M (of which, Mr M and Mrs M are the sole directors).

However, this is of no real consequence in terms of the complaint. And I'm satisfied Mr M and Mrs M are entitled to make the complaint in their own right, as owners of some of the properties, and on behalf of M.

Turning to the substance of the complaint, there's no real dispute here about the facts. UKI admit that they got things wrong. In essence, Mr M asked them to include all of the relevant properties in the policies, and they failed to do that.

Mr M thinks this left him (and Mrs M and M) arguably without any cover for a significant period of time – and so exposed them to the risk of not being covered had they needed to make a claim. And he wanted all the premiums returned.

UKI have assured Mr M that given that it's clear it was their error, he would have been covered had anything happened to any of the properties. When Mr M cancelled the policies, they gave a pro rata refund and didn't charge any cancellation or administration fees. They then paid the £25 in compensation for their error.

It's UKI's view that, although they did make an error here, the fact that all the properties weren't on the policies should have been immediately apparent to Mr M when he received his policy documents immediately after inception.

In short, the remaining issue in this case that I'm asked to decide here is whether £25 is sufficient compensation in all the circumstances. Or whether, as our investigator suggested, that should be increased to £100 and M's costs incurred in switching policies covered. Or whether UKI should be asked to repay all of the premiums. In other words, I have to decide what UKI must do to put things right in this case.

Putting things right

UKI have a point when they say Mr M should have picked up the issue sooner. However, I don't think their £25 is sufficient compensation. Their error came as a shock to Mr M and Mrs M when it was discovered.

It also caused some inconvenience as Mr M sought to cancel the policies and take out cover elsewhere. His decision to do that is entirely understandable in the circumstances. And had it not been for UKI's error, I'm satisfied Mr M would not have cancelled the policies and would not have moved to another insurer.

So, I agree with our investigator that £100 is fair and reasonable compensation for the inconvenience and distress experienced by Mr M and Mrs M.

I also agree that UKI should cover the administrative and broker costs incurred when the new policies were taken out.

Mr M would not have had to pay those fees if he had stayed with UKI - and, as I say above, I'm satisfied he would have stayed with UKI if not for the error. His decision to change insurers was entirely understandable and justified in all the circumstances. The fees in question amount to £144 in total.

I'm not going to require UKI to go any further than that. For one thing, as I've said, Mr M has to take some responsibility for not picking up the error sooner.

For another, there was no claim in the relevant period – and I’m satisfied that UKI would indeed have covered it had had there been a claim. It wouldn’t be appropriate to ask UKI to return all the premiums when cover was in fact in place during the relevant period (both for the properties that were listed in the schedules – uncontroversially - and in fact for those that weren’t).

And any worry and upset experienced by Mr M and/or Mrs M was short-lived – they can’t have suffered any stress about the properties not being covered until they found out that they weren’t covered - and very soon after that, they took out new policies which did cover all of the properties.

In summary, I agree with our investigator that the right outcome in this case is for UKI to pay a further £75 in compensation and to cover the £144 administration and/or broker’s fees incurred when Mr M switched to another insurer.

My final decision

For the reasons set out above, I uphold this complaint.

U K Insurance Limited must pay M and Mr M and Mrs M a further £75 in compensation for their trouble and upset, and £144 to cover fees incurred when they switched to a different insurer.

Under the rules of the Financial Ombudsman Service, I’m required to ask M and Mrs M and Mr M to accept or reject my decision before 5 December 2025.

Neil Marshall
Ombudsman