

The complaint

A company, which I'll refer to as A, complains that Travelers Insurance dac declined a claim on its business protection insurance policy.

Mr B, who is a director of A, brings the complaint on A's behalf.

What happened

Mr B is a director of A. He has explained that A assigned him to provide director's duties to a related company, which I'll call M. He considered the owner of M was not acting correctly and reported them to regulators. As a result, an investigation was carried out into M's activities.

The insurance provided by Travelers under the policy includes cover for costs relating to investigations into the "Insured Organisation" and any "Insured Person".

Mr B consulted lawyers and incurred legal costs in relation to the investigation. He made a claim on A's policy for reimbursement of these costs but the claim was declined, so Mr B complained. Travelers said:

- although there was an investigation into M's activities, M was not insured under the policy - the insured organisation is A;
- the policy wasn't triggered as there was no formal investigation relating to A; and
- Mr B did not meet the requirements for an "Insured Person" in these circumstances.

Mr B referred the complaint to this Service. He said either the policy was not interpreted correctly by Travelers or, if it was, then it had been mis-sold.

Our investigator did not think the complaint should be upheld. She said:

- although there had been an investigation, it was in relation to M, not A, and the policy didn't provide cover for an investigation concerning M;
- if Mr B was unhappy with the sale of the policy he may need to contact the broker who sold the policy about that.

Mr B disagrees and, on A's behalf, has 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.

Amongst other things, the rules and guidance say:

- Insurers must deal with claims promptly and fairly, and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

- Insurers have a duty to give consumers the information they need at the right time and in a way they can understand, so they can make good financial decisions, without having key information buried in lengthy terms and conditions. And the information should be clear, fair and not misleading. They should support their customers in making use of their policy without unreasonable barriers.

No insurance policy will cover every risk that may result in a policyholder suffering financial loss. It's for insurers to decide what risks they want to accept and they will consider this when deciding whether to offer a policy. In this case, the policy provides cover for the "Insured Organisation" and for any "Insured Person" in certain circumstances, which are set out in the policy terms.

The policy says:

"Insured Organisation means the first named entity stated in the Schedule which is the policyholder or a Subsidiary" – in this case, the Insured Organisation is A.

"Insured Person" means (for the purposes of this complaint)

"any natural person who was, is, or becomes:

(a) a director or officer of the Insured Organisation;"

A relevant claim in this case would concern an *"Investigation, made or brought against an Insured for a Wrongful Act."*

Investigation means an "Official Inquiry, examination, or investigation into an Insured Organisation, or any Insured Person in his or her capacity as such, at which the attendance of such Insured Person is first required or requested in writing by the investigating body, including the service of a letter or notice during the Period of Insurance."

"Official Inquiry means the formal administrative or investigative inquiry by an Official Body or other institution or professional body that is legally empowered by statute to investigate the affairs of an Insured."

Mr B may in some circumstances be an Insured Person as defined by the policy terms, but I'm not considering a complaint from Mr B personally. This complaint is on behalf of A, and I'm only considering whether there was a valid claim by A.

For A to be covered, there would need to be an investigation into A's activities.

Mr B has provided evidence that shows there was an investigation, but this confirms the investigation by the regulatory authorities was in relation to M, and M is not the Insured Organisation. There wasn't an investigation into A.

There is also cover for *"Insured Organisation Reimbursement Liability"*. This would cover A for costs where it has reimbursed an Insured Person for costs arising from a claim. So if Mr B, in his capacity as a director of A, incurred costs relating to an investigation into A and was reimbursed those costs, A could claim in respect of that. But that isn't what happened.

I'm satisfied the information in the policy terms is clear and set out in a way that customers can understand. It explains the circumstances in which cover will apply. The policy does not cover M. Taking into account the circumstances here – where there was no investigation into A – the decision to decline the claim was in line with the policy terms and was fair.

Mr B has also said, if the claim is not covered, that means the policy was mis-sold. He has explained in some detail why he thinks Travelers was responsible for the sale, rather than the broker that sold the policy to A.

I haven't considered whether the policy was mis-sold or whether Travelers was responsible for the sale. We can only consider a complaint where the firm has been given an opportunity to consider the complaint. This complaint is only about the claim and Travelers' final response only addressed the decision on the claim. If Mr B wishes to complain about the way the policy was sold to A, he would first need to make that complaint to Travelers and/or the broker. If he's unhappy with the response he receives to that, he could then potentially refer it to us to consider as a separate complaint.

My final decision

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 12 September 2025.

Peter Whiteley
Ombudsman