

## **The complaint**

Mrs C complains about how Saga Services Limited handled multiple renewals of her buildings insurance policy.

## **What happened**

Mrs C held a buildings insurance policy arranged by Saga for a number of years.

Mrs C's policy renewed on 15 December each year.

Mrs C first held a policy in December 2020. That policy was placed with an underwriter I'll call "A". In 2021, the policy renewed with both Saga and A. I'll call this "renewal one".

In 2022, Saga placed Mrs C's cover with a different insurer, I'll call this one "B". And I'll call this "renewal two".

In 2023, Saga placed Mrs C's insurance with yet another insurer, this one I'll call "C". And, I'll call this "renewal three".

Mrs C noticed that when she got her renewal documents with Saga and C at renewal three, she wasn't covered for subsidence. She didn't think this was fair and she didn't think this had been made sufficiently clear to her.

For context, Mrs C had an ongoing subsidence claim with A.

Mrs C thinks Saga should have done more to help her have ongoing subsidence cover and complained.

Saga said at renewal number two, Mrs C still had subsidence cover with B. It said at renewal number three, out of the panel of insurers it worked with, only C wanted to offer a quotation, and it didn't want to offer subsidence cover. It said at this point, it no longer worked with A (as far as I'm aware it still was working with B – but this isn't entirely relevant as I'll explain later).

Saga thought that at renewal number three, it had done enough to make the subsidence exclusion clear to Mrs C. It said the renewal invite said exclusions applied to cover, and that Mrs C should check those exclusions.

But it acknowledged it sent those documents late. And it said it should have called Mrs C too to explain the absence of subsidence cover, which it didn't do. It offered £150 compensation. Mrs C didn't think this was fair and thought Saga had failed in its responsibility to act in her best interests. She said there never should have been a gap in subsidence cover and thinks this is Saga's fault. She said she told Saga about her subsidence claim with A, before renewal number two and the placing of her policy with B.

Saga didn't think it had done anything wrong, it said the first record it had of Mrs C's subsidence claim was after renewal two. It said come renewal three, it no longer worked with A, and that it has no process in place to make an insurer insure a customer.

Mrs C remained unhappy and brought her complaint to the Financial Ombudsman Service.

Our Investigator didn't think Saga had acted unfairly in terms of ensuring Mrs C had ongoing subsidence cover. But they felt it should have done more to make the fact she didn't have this cover clear at renewal number three. He noted that since renewal three, Saga sent a letter saying it had identified that communication surrounding the ongoing subsidence cover wasn't up to the required standard. He thought this was a clear acknowledgement that Saga should have done more at renewal number three. He recommended it pay Mrs C a further £200 compensation.

Strangely, even given its letter to Mrs C following renewal three which explained its communication around the subsidence cover wasn't clear enough, Saga didn't accept our Investigator's recommendation. It thought it had done what it needed to in terms of making the subsidence cover (or lack thereof) clear at the point of renewal.

Mrs C also didn't accept our Investigator's assessment. She maintained she told Saga of the subsidence issue before renewal number two not after it. She said she's now left paying more for her insurance, for less cover. She's said it's been extremely difficult trying to get subsidence cover and to date, she still hasn't been able to do so. She's said all this causes her considerable distress, because while A are dealing with the current subsidence issue, should she experience another one, she'll not be covered.

Because both sides disagree, the case was referred to me for an Ombudsman's decision.

I issued a provisional decision explaining I was thinking of upholding the complaint. I said:

*"Key to this issue is "Is Saga responsible for the break in subsidence cover?". And it's my current view that it is.*

*To be clear, I appreciate that the decision on whether or not to offer cover is not Saga's. And Saga can't "force" any insurer on its panel, let alone one not on it, to offer cover to one of its customers.*

*But there's a key event here, where I think Saga could, and should have done more. Especially considering it had a duty to treat its customer, Mrs C, fairly.*

*Ultimately, and despite Saga initially stating otherwise, Mrs C did call and inform it of her subsidence issue before renewal number two. Before the policy was moved to B and away from A. I've seen a transcript of the call, and Mrs C clearly says there are cracks in the property, and the call handler refers her to A to make the claim.*

*I fully appreciate that at the point of that call, no claim had yet been made, and that it was extremely close to the policy renewing – this call was made on 12 December, with the new policy with B due to start on 15 December. But I'm satisfied it was enough to put Saga on alert that something important was happening that it reasonably needed to take action on, in respect of looking after the best interests of its customer, Mrs C.*

*What I think it should have done at that point was effectively put the breaks on renewal number two and the moving of the policy from A to B. It should have contacted A – who at the time it still had a working relationship with – and explained the issue.*

*While I can't say for certain what would have happened had Saga done this, I think it's likely A would have offered renewal. There's industry guidance on offering ongoing cover for subsidence. Not every insurer is signed up to the body that provides such guidance, But even if an insurer isn't signed up to that body, the guidance is something we consider to be*

good industry practice. So I think it's more likely than not that had Saga contacted A before the policy expired, A, having reviewed the situation at that time would have offered to renew Mrs C's policy with subsidence cover. So at renewal two, cover would not have moved to B. It may well have been that A didn't offer a policy through Saga, but I'm persuaded it would have offered some form of policy with subsidence cover to Mrs C to ensure ongoing cover. And I've seen no reason, given the guidance and the subsidence claim which was made, that A wouldn't have continued to offer a policy, including subsidence cover, to Mrs C, at renewal three too.

Saga didn't do that. It did nothing when Mrs C called it to prevent the policy moving away from A, to B.

Saga has said it didn't and doesn't have a process or arrangement in place where they could ask A to cover Mrs C.

That may well be the case, but it's ultimately not the point. It could and should have done more given the specific circumstances it was presented with. It shouldn't be limited by its processes if they don't produce a fair outcome. As I've said, at renewal two, when the policy moved from A to B, Saga still had a working relationship with A. But even if it didn't, I'd have expected it to have done more, to have acted outside of any process it had to ensure a fair outcome was reached for Mrs C.

So, I'm persuaded that had it done more, Mrs C would not have moved from A to B. Whether she would have carried on being insured with Saga and A, with A alone or even with A and another intermediary I can't be sure. The point is, I find it more likely than not, given the ABI guidance in place at the time, Mrs C would never have moved insurers. Instead, she'd have remained on cover with A and continued to benefit from ongoing subsidence cover.

Saga has pointed out that at renewal two, Mrs C still had subsidence cover with B. But that misses the point entirely. At renewal two, B didn't know about the subsidence claim with A. At renewal three, it did, and that caused it to not return a quote. B wasn't the insurer dealing with the subsidence claim, so guidance referred to above that applied to A, didn't reasonably apply to B. Simply, there's nothing requiring or even advising that B needed to continue to offer cover to Mrs C.

And crucially, at the point of renewal there, because of the move to B at renewal two, A no longer had any responsibility to provide ongoing cover. Saga's action, or rather inaction, broke the chain. At renewal three, A hadn't insured Mrs C for a year and Saga had no working relationship with A, further adding to the difficulty of getting cover for Mrs C.

But putting aside the above for a minute, at renewal three, Saga still should have done more. At renewal three the Consumer Duty was in place. One of the key outcomes of the Consumer Duty is Customer Understanding. I don't think simply referring to the fact that exclusions apply to the policy is anywhere near enough to bring a customer to understand that an incredibly important part of their cover is missing. I agree with our Investigator that Saga sending follow up information some 10 months after renewal three, outlining that its communication around ongoing subsidence cover had not been good enough, is for all intents and purposes and acknowledgement that renewal three wasn't clear enough. Based on that alone, I think it's fair to say at renewal three, Saga failed Mrs C.

But further, Saga has also said it's since changed its process so that a separate letter is now sent out in this type of circumstance which explains the absence of subsidence cover. I can see it sent that letter in the following renewal (let's call it renewal four). I think this letter is much clearer, but it should have been sent at renewal three and doesn't change the fact that at renewal three, Mrs C wasn't given clear enough information.

*Another key outcome of the Consumer Duty is Customer Support. And throughout this entire issue I find Saga has not been supportive at all.*

*During this investigation, it told us it didn't have any record of a call, let alone one about subsidence on or around 12 December. It transpires that not only did a call take place, but that Saga had previously located the call, transcribed it and sent that transcription to Mrs C.*

*To be clear, it's not my role here to punish Saga. And I can't require Saga to compensate Mrs C for any difficulties experienced while we've been investigating the complaint.*

*I can consider the impact of the issue, and Saga's handling of the issue. And throughout, there's been a clear lack of responsibility from Saga to either fully understand the issue at hand, or take ownership of the part it played in the situation Mrs C now finds herself in.*

*Mrs C only found out she didn't have subsidence cover at renewal three, so I can only consider distress and inconvenience from that point. Conveniently, it's only really at that point that the issue – that Saga had not acted as it should have around renewal two – became apparent – as Saga has correctly pointed out, subsidence cover was in place for the duration of her policy with B.*

*But, I accept that since then, Mrs C has had an uphill battle trying to sort things out. She's been left, currently, without subsidence cover, on a house that's had an episode of subsidence for well over a year. I appreciate that A in dealing with the current claim will put things right. But any new episodes of subsidence it wouldn't be responsible for, because it doesn't insure her. Which Mrs C has told us is of huge concern to her. Understandably so. There's also then the difficulty Mrs C has faced in trying to get cover, and the difficulty she likely will face trying to get cover. As set out above, ultimately Saga isn't responsible for providing cover. And the fact the property has had a subsidence claim on it is likely to increase the cost of that insurance.*

*But I do find Saga responsible for the break in cover for the reasons set out above. And that break in cover will in all likelihood cause Mrs C to need to pay more for insurance and spend considerable extra effort trying to arrange it to include cover for subsidence. It's impossible for me to know the extent of that financial impact, or how long it will last. It's also impossible to differentiate exactly where any line is between increased cost as a result of broken cover, against increased costs as a result of the subsidence itself. It may well be that A will ultimately agree to reinsure Mrs C, although I know she's said she's had difficulty with trying to arrange that. It may be she needs more specific cover, which is likely to come at a cost.*

*All of this, I think could have been avoided had Saga acted in her best interests at renewal number two.*

*It's difficult to put a figure on the amount of fair compensation here. But considering the distress caused by finding out you don't have subsidence cover, and the worry of not having it going forward, coupled with the inconvenience of trying to get Saga to help her, and the ongoing inconvenience she is likely to face in trying to sort this, I'm minded to require Saga to pay Mrs C a total of £2,000 compensation. I'm satisfied that is fair and reasonable in the circumstances of this complaint and in line with our guidance and other awards made in similar circumstances."*

*Saga responded and accepted the findings and recommendation set out above.*

*Mrs C also responded. She was grateful of the findings but didn't think what I'd proposed to put things right went far enough.*

In response, Mrs C sent a detailed explanation of the impact Saga's error had, is having and will have on her and her future plans. This included further comments and evidence in respect of getting subsidence cover and the effects of that on her plans for the future. She also set out the impact of Saga's actions since making the error, including its handling of her complaint about it.

I'll not detail all that's been said here in this decision. But I'd like to take this moment to assure Mrs C, and Saga, that I've carefully considered all that's been said.

### **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.

Having done so, I'm not changing what I require Saga to do to put things right. I understand this will likely come as a huge disappointment to Mrs C. I'll explain my reasoning.

Nothing new was presented to change the key finding made in my provisional decision set out above. Saga accepted it without challenge. Mrs C accepted the findings but questioned whether the redress went far enough.

As set out above, I've given everything I've been sent careful consideration.

Here, a large part of Mrs C's distress and inconvenience stems from her having trouble getting ongoing subsidence cover. The difficulty here is that concerns not only Saga and Mrs C, but another party too, Insurer A. And I'm not able in this decision to make a finding on anything Insurer A has or hasn't done. Nor can I say what it should or shouldn't do. If Insurer A does not ultimately act as Mrs C would like, and she wants us to consider its actions, we could do so (our usual rules allowing and in line with our established approaches).

So in assessing the impact of Saga's errors, I am aware that another business's actions or inactions are likely having an effect on the distress and inconvenience Mrs C is experiencing.

I'm also not satisfied that I can fully hold Saga responsible for Mrs C not being able to find ongoing subsidence cover. Yes, I accept it has created the situation she finds herself in. But any decision on whether to offer her subsidence going forward is a decision made by each insurer making it, including Insurer A.

I've considered everything Mrs C has sent us about the lived experience of this matter. But I trust Mrs C will understand I mean no disrespect when I say those further comments and evidence have not given me cause to change my opinion on the amount of compensation due. It's clear this whole issue, the error and its consequences, as well as Saga's handling of it after it was reported has had significant impact on Mrs C. From everything she's sent that much is evident. But I was aware of much of this impact, along with the initial cause of it, when I issued my provisional findings.

Here, Saga made a small administrative error. Its agent didn't pick up on something they should have in a single phone call. A phone call which initially started about something entirely unrelated to subsidence. But that error has had significant consequences. Since making the error, Saga's actions have been extremely poor. It's consistently refused to acknowledge any error made, or do anything to put matters right for Mrs C.

Having said that, I'm satisfied my recommendation of £2,000 compensation is fair and reasonable in all the circumstances here.

As set out in my provisional decision, I'm satisfied that award is in line with our guidance and takes into account all the circumstances. I understand completely that Mrs C may well think that's not enough, and appreciate it is her, and not me that has lived the experience. However, I have to apply my experience and judgment as an Ombudsman, including that into account our approach on matters of compensation, to determine a fair and reasonable compensation sum for all that she's told me and that I think Saga is fairly responsible for. I'm satisfied £2,000 is that figure.

So, for the reasons set out in my provisional decision, and the additional considerations set out above. £2,000 is the award I require Saga to pay in compensation of its errors here.

### **My final decision**

For the reasons set out above, my final decision is that I uphold this complaint. Saga Services Limited now needs to pay Mrs C a total of £2,000 compensation.

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

Joe Thornley  
**Ombudsman**