

The complaint

Mr G complains that Saga Services Limited ("Saga") offered him a three-year fixed price home insurance policy but then, in the third year, they found him a policy offering a reduced level of cover.

What happened

Mr G says he took out a policy in March 2023 which was arranged for him by Saga. He says the policy provided a three-year fixed price of £769.59. Mr G says he took out this policy and also renewed it the following year for the same price. Mr G says he then received a renewal invite in 2025, quoting a price of £769.59, but it contained an endorsement excluding cover for subsidence. Mr G didn't accept the renewal terms and took out a policy with another provider for £1,420.31. Mr G then complained to Saga and said the fixed price was dependent on there being no change in circumstances but, despite there being no change in his circumstances, Saga offered the fixed price but for a reduced level of cover. Mr G said Saga should pay him the difference between the fixed price and what he ended up paying for cover.

Saga responded and explained, for the 2025 renewal, they'd reached out to their panel of insurers and only one returned with an offer to provide cover, but this was on the condition that subsidence would be excluded. Saga explained they would still offer the price of £769.59, but the policy wouldn't cover subsidence.

After considering all of the evidence, I issued a provisional decision on this complaint to Mr G and Saga on 7 August 2025. In my provisional decision I said as follows:

"I think it's important here to make clear I'm looking at Saga's actions as a broker. It's for an insurer to consider the risks associated with providing cover and to price a policy. In this case, Mr G is concerned about Saga not keeping to their promise of a fixed three-year price. In a document headed 'About our Services – Your contract with Saga Services Limited' it says, "The 3-year Saga Fixed Price is not offered to you by the panel of insurers that underwrites your insurance policy." So, in this complaint, given that the three-year fixed price is a feature and service provided by Saga, I'm looking at their actions here.

The information shows Mr G took out a policy in March 2023 for £769.59, with the price being fixed for three years. The new policy confirmation letter said, "Your policy costs £769.59, this year – and for the next two renewals as we've fixed the price, as long as nothing changes." The information pack included a document headed 'About our services – Your contract with Saga Services Limited'. Within this there was a section headed '3-year Fixed Price terms and conditions', and this said, "...The 3-year Fixed Price and your insurance cover will be provided subject to the terms of the Policy Book, the Schedule, and Endorsements to the Policy Book. Saga or the Underwriters may change the policy wording, schedule or include an endorsement at any time, which could result in changes to your excess...Any change will be communicated to you in writing." It went further and said, "Very significant changes to your policy or to the Underwriter's risk criteria or unfavourable insurance market

conditions which materially affect the risk of insuring you, may mean that Saga cannot reasonably identify an insurer who will provide insurance to you. If this is the case we will not be able to offer you cover.”

In 2024, Saga offered Mr G the same price, for the same level of cover. The renewal invitation letter sent to Mr G said, “You’re on our Saga Plus cover level, which includes our 3-year fixed price feature and nothing’s changed, so once again your renewal premium for this year is £769.59.” Mr G renewed his policy and Saga then issued a renewal confirmation letter. In the information pack sent with both the renewal invitation and the renewal confirmation, Saga sent the document I’ve referred to above headed ‘About our services – Your contract with Saga Services Limited’.

In 2025, around a month before Mr G’s renewal date, Saga contacted Mr G and explained they weren’t able to find an insurer willing to offer a policy with subsidence cover. Saga followed this up with a renewal invitation which said, “You’re on our Saga Plus cover level, which includes our 3-year fixed price feature and nothing’s changed, so once again your renewal premium for this year is £769.59.” But the letter also referred Mr G to an endorsement which would be applied to the policy. This endorsement was described as ‘Exclusion of subsidence’ and said, “We will not pay any claims for loss or damage caused by subsidence, ground heave or landslip.” Mr G then allowed his 2024-2025 policy to expire and took out a policy with another insurer.

The first point I’ve considered is whether Saga have acted fairly when carrying out their role to find Mr G a policy. The information shows Saga did reach out to a panel of insurers in 2025 and all, apart from one, weren’t prepared to offer a policy. And the one insurer who was prepared to offer a policy did so on the condition that subsidence was excluded. The information shows that this insurer asked for this endorsement to be applied on the basis of its view of the risk presented. The ‘3-year Fixed Price terms and conditions’ section does set out that an insurer’s view of risk could change and this could lead to Saga not being able to find an insurer to cover Mr G. That has happened here, so I can’t say Saga have acted unfairly if a number of insurers weren’t prepared to offer cover.

An insurer’s view of risk often changes – and this is influenced by a range of factors. So, I’m satisfied Saga have acted fairly in carrying out their role to arrange home insurance for Mr G. They reached out to their panel of insurers to obtain quotes, which is what I would’ve expected them to do. But I can’t hold them responsible for the fact that only one insurer returned with an offer to provide cover – and only on the condition that subsidence was excluded.

I acknowledge Mr G didn’t want to take out a policy which excluded subsidence, so he decided to take out another policy for £1,420.31 – this being £650.72 more than the price Mr G says Saga promised him would be fixed for three years. I do acknowledge Mr G’s concern in this respect, but I don’t believe it would be fair in the circumstances for Saga to pay Mr G the difference. I say this because Saga did still offer the same fixed price – although I acknowledge this was for a reduced level of cover. Also, the information shows the insurers who declined to offer a quote and the one insurer who did offer cover, did so on the basis of their view of risk – and the 3-year fixed terms and conditions did make reference to the possibility of the insurers changing their risk criteria. So, I don’t think it would be reasonable in the circumstances here for Saga to pay Mr G £650.72.

That said, I don't think Saga have gone far enough in their communication with Mr G about how the level of cover could be affected during the three years. In the new policy confirmation letter sent to Mr G in 2023 it said Mr G would be offered the price of £769.59 for the next two years, "...as long as nothing changes." Then in the renewal invitation letter sent in 2024, Saga again offered the price of £769.59 on the basis that, "...nothing's changed..." Even in the 2025 renewal invitation it offered the price of £769.59 on the basis that, "...nothing's changed..." So, I do acknowledge why Mr G is concerned as the renewal letters make it clear that the price is subject to nothing changing. Yet, despite nothing changing in Mr G's own circumstances, while he was offered the same price, it was on the basis of a significantly reduced level of cover.

I've looked at the '3-year Fixed Price terms and conditions' section and nothing I've seen makes it clear that, despite there being no changes in Mr G's circumstances, Saga might still offer Mr G the fixed price, but with the insurer offering a reduced level of cover. As I've referred to above, part of this section does refer to insurers changing their view of risk, but this is in the context of Saga not being able to identify an insurer who'll provide cover – and it says this would mean Saga won't be able to offer Mr G cover from an insurer. It doesn't say an insurer might also offer a reduced level of cover.

When Saga sold Mr G the policy they were obliged to provide him with information that was clear, fair and not misleading, in line with their obligations under Principle 7 of the FCA Handbook: Communications with clients (PRIN 2.1.1R The Principles) and ICOBS 2.2.2R (Clear, fair and not misleading rule). Then, in 2024, while still observing these requirements, Saga were also expected to act in line with Principle 12 of The Principles which relates to Consumer Duty. So, I've also considered this point under the consumer understanding outcome of the Consumer Duty principle. This says that businesses must give consumers the information they need, at the right time, and presented in a way they can understand. That way they can make informed decisions.

I'm not satisfied Saga has acted in line with these obligations as Mr G wasn't given any information in 2023 or 2024 about there being a possibility of being offered the same fixed price but with a reduced level of cover despite Mr G's own circumstances not changing. Given that Saga are in the insurance industry I think it's fair for me to conclude that they ought reasonably to have been aware that the insurance landscape, and more specifically risk factors, constantly change. So, given this was a three-year fixed price policy, I think Saga ought reasonably to have been aware that there was a likelihood that their panel of insurers' risk criteria could likely change at some point during this period.

That being the case, I think more should've been done to draw Mr G's attention to the possibility that this could then lead not only to some insurers not offering cover, but also some offering cover with reduced terms. This would've allowed Mr G to make an informed decision on whether to commit to, or continue with, a three-year fixed price policy on the understanding that, despite his own circumstances not changing (such as making a claim or changing his cover options), he might receive an offer of reduced cover for the same price. This led to a loss of expectation on Mr G's part when Saga contacted him in 2025 with an offer of cover for significantly reduced terms.

So, while I don't believe Saga should be responsible for the difference in price paid by Mr G for an alternative policy, I've thought about what Saga should do to put things right. It's clear the lack of clear information led to confusion for Mr G, and

frustration at the thought that, despite 'nothing changing' he was being offered a policy with a reduced level of cover. Given the loss of expectation here and the impact on Mr G, I think Saga should pay Mr G compensation of £200."

So, subject to any further comments from Mr G or Saga, my provisional decision was that I was minded to uphold this complaint and require Saga to pay Mr G compensation of £200.

Following my provisional decision, Saga have responded to say they accept my decision. Mr G has responded and says he's surprised Saga weren't able to find a single insurer willing to offer a policy with subsidence cover. Mr G says Saga are experts in the market, yet he was able to find an insurer prepared to offer subsidence cover. Mr G believes this was deliberate on the part of Saga and they chose not to get a quote from an insurer offering subsidence cover as they would then have to honour their fixed price guarantee. Mr G also says the fixed-price feature involved some risk being undertaken by Saga and, in this case, it led to a situation where the policy, in the third year, became more expensive than Saga anticipated in order to provide the agreed level of cover. Mr G says the appropriate redress here should be for Saga to pay him the difference between the fixed price and what he ended up paying.

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 see no reason to depart from my provisional decision. So, I've decided to uphold the complaint for the reasons set out in my provisional decision and copied above.

I do acknowledge Mr G's point about Saga not being able to find an insurer offering subsidence cover, yet he was able to find an insurer. But Saga have provided information which shows they did reach out to their panel of insurers, but none of these insurers were prepared to offer a policy with subsidence cover included. I acknowledge that Mr G was able to find an insurer offering subsidence cover, but generally, where a broker is involved, they won't search the entire market. Rather, they will reach out to the insurers on their panel – and that's what Saga did here.

I do acknowledge Mr G's point about the redress but, for the reasons mentioned in my provisional decision, I think the appropriate steps to put things right in the circumstances of this case would be for Saga to pay compensation for the loss of expectation caused to Mr G. I accept Saga have made an error here, but they did still offer the same price. So, I don't believe the additional amount paid by Mr G arises directly out of the error made by Saga, and based on the information I've seen, I'm not persuaded that, it's more likely than not, had Saga made Mr G aware of the possibility that the level of cover could be reduced, he wouldn't have opted for the fixed price feature offered by Saga.

Putting things right

I've taken the view that Saga didn't provide Mr G with clear information about the possibility of being offered a reduced level of cover. So, in order to put things right I require Saga to pay Mr G compensation of £200.

My final decision

My final decision is that I uphold the complaint. Saga Services Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 September 2025.

Paviter Dhaddy
Ombudsman