

The complaint

P, a partnership, complains that L. Wood & Co. Limited ("L Wood"), acting as their broker, didn't properly inform them about the cover under their insurance policy.

Mr Y brings the complaint on P's behalf. P is also represented, but for ease of reading, I have just referred to P and L Wood as being involved in the complaint.

What happened

The details of this complaint are well known to both parties, so the following is a summary of key events only.

P held a "Property Investors Protection" policy which covered several insured locations. The policy was taken out through L Wood, acting as P's broker, in January 2020. In July 2020, P notified L Wood that a new tenant had taken up occupancy at one of P's sites for tyre storage ("the tyre storage site"). L Wood notified P's insurer of this update, but the insurer decided that this was a fundamental change in risk, and not one it wanted to provide cover for.

P's insurer notified L Wood that it wouldn't be providing cover for the tyre storage site in July 2020. An updated policy schedule was issued which removed cover and showed a reduction in the property owners liability limit, and said cover was only in relation to the adjoining car-storage area. In November 2020, the tyre storage site unfortunately caught fire, causing extensive damage. P's insurer declined the claim and said that part of the property had been removed from cover previously.

P was unhappy with the insurer's decline of the claim and said they had never received direct notice of the change in cover. They said P had only relayed liability reductions, but it did not mention property or buildings cover being removed. P said L Wood also failed to explain the consequences to them as landlord clients.

L Wood responded to P's complaint and said it had acted fairly. It outlined that P had contacted L Wood in July 2020 to advise a tenant had been found for a parcel of land for tyre storage. L Wood said it then contacted P's insurer to notify them of this, but the insurer said they wouldn't be able to cover the risk presented. L Wood said it then notified P of this in late-July 2020 and there were subsequent discussions around obtaining alternative cover; but P did not progress this option. P remained unhappy with L Wood's response – so, they brought the complaint to this Service.

An Investigator looked at what had happened but didn't think the complaint should be upheld. She said she was satisfied the evidence demonstrated P had been made aware of the change in cover by L Wood in July 2020. P didn't agree with the Investigator's recommended outcome. They provided detailed and lengthy replies, the main points of which were:

- L Wood had only relayed liability reductions, and it did not mention property or buildings cover being removed.

- L Wood had provided unclear information.
- L Wood had refused to progress a claim and closed it without the authority of P.
- In *Jones v Environcom Ltd [2010]*, the Court emphasised a broker's duty to act with clarity and reasonable care. They said L Wood fell short of this standard causing serious prejudice to P.

P asked for an Ombudsman to consider the complaint – so, it's been passed to me to decide.

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've reached the same overall conclusion as the Investigator, and I do not uphold this complaint.

I want to start by setting out what I will be looking at as part of my decision. I'm aware P has brought a separate complaint against their insurer which this Service is also considering separately. While P has set out why both complaints should be considered as part of one complaint, that is not how this Service considers complaints. Each complaint concerns a separate legal entity, so I'm unable to consider two parties' actions as part of one decision. That means I won't be making any findings about the insurer's actions in this decision. However, as both complaints arise out of the same set of background events, there will be instances where I refer to background information that overlaps the complaints.

I also want to acknowledge that I've intentionally summarised P's complaint in a lot less detail than they have presented it. No discourtesy is meant by this, and I want to assure P that I have read and considered everything submitted in its entirety. However, as an informal dispute resolution service, this Service's role is to focus on the main issues of a complaint in order to reach a fair and reasonable outcome overall, which is whether P was notified by L Wood about the change in their policy coverage.

Having reviewed the available correspondence as part of this complaint, I'm satisfied that L Wood informed P's insurer of the new tenants and their activities in July 2020. The insurer reviewed the details and around two weeks later emailed L Wood confirming it wouldn't be able to provide cover for the site. P's insurer said this was because of the tyre storage risk and an ongoing Environment Agency investigation.

L Wood then relayed that decision back to P. L Wood's e-mail provided the insurer's comments in full, explaining that no property owners liability would apply for that location, and that the limit of indemnity for the remaining insured areas had been reduced from £5,000,000 to £1,000,000. L Wood also provided their own breakdown which said *"What the insurer means is that they cannot offer any Property owners liability at (the site) occupied by (the tenant)..."* I'm satisfied this was a clear communication from L Wood, and I also can see that several individuals associated with P, or acting on their behalf, were included in that correspondence.

L Wood also offered to obtain quotes for P for cover from alternative providers and said *"I will make further enquiries with other insurers regarding property owners for (the site) however this will be at an additional cost, and I cannot confirm a solution at the moment"*. I'm therefore satisfied L Wood's communications made clear to P that the tyre storage site was no longer covered by the policy.

I've also considered P's submissions around L Wood as a broker regulated by the Financial Conduct Authority ("FCA"). P says L Wood is required to act honestly, fairly, and

professionally in the best interests of its customers. But based on everything I've seen, I'm persuaded L Wood has done this. The evidence I've seen persuades me that L Wood obtained the insurer's decision, promptly forwarded this to P, and sought to obtain alternative options when the insurer declined to cover the change in risk.

There's nothing to suggest that L Wood withheld information, failed to act on P's instructions, or otherwise misled P about the present position. I appreciate P says they didn't fully understand the implications of the insurance decision; I don't think that was due to any failing by L Wood. I do not think it would be a reasonable expectation for L Wood to second guess how P interpreted correspondence once it had been clearly explained, nor would L Wood be responsible for the underwriting decisions made by the insurer.

In respect of P's submissions that L Wood acted unfairly by informing them they couldn't make a claim, I'm not satisfied the evidence demonstrates this is the case. L Wood explained to P that there was no cover under the policy, and so they said: *"I do not consider there is any way to progress a claim with (the insurer)"*. Given the site in which the fire had broken out was not covered under the policy, I do not find that this was an unfair or misleading statement for L Wood to make.

Conclusion

I appreciate that this is not the answer P was hoping for, but I trust my decision explains why I have reached the decision I have. I appreciate this has been a difficult situation for P, and I naturally sympathise with the position P found themselves in. But I'm ultimately not persuaded that L Wood acted unfairly or unreasonably.

My final decision

For the reasons I have outlined above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A, X and Mr Y to accept or reject my decision before 17 November 2025.

Stephen Howard

Ombudsman