

The complaint

Mr S and Mrs S complain about Saga Services Limited (“Saga”) and the service provided to him during the renewal of his home insurance policy.

Mr S has acted as the main representative during the claim and complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mr S or Mrs S as “Mr S” throughout the decision where appropriate.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Saga were the broker and administrator of Mr S’ home insurance policy, which he purchased with a promotional three-year price fix.

But in November 2024, Saga wrote to Mr S to explain they had been unable to find an insurer within their panel that would underwrite his buildings insurance. So, they explained they were only able to offer contents insurance and they issued a renewal invitation and policy documents for that cover alone. Mr S was unhappy about this, so he raised several complaints.

In summary, Mr S’ complaints included, and were not limited to, his unhappiness that Saga sold him a three-year price fix and failed to honour this agreement by not offering a renewal of his buildings insurance. He was also unhappy that Saga had continued to renew his contents cover, chasing him for payment for this, after attempting to take the premium automatically without his consent. So, Mr S wanted to be compensated appropriately to recognise the impact he had been caused, with his health taken into consideration.

Saga responded to the complaint and upheld it in part. They explained they were unable to control their insurers decision not to take on the risk of insuring Mr S’s property. But they accepted how this decision had led to a loss of opportunity for Mr S to utilise the full three-year price fix he initially agreed. So, they paid Mr S £100 compensation to recognise this. Mr S remained unhappy with this response, so he referred his complaint to us.

While the complaint was with our service, Saga offered to refund Mr S the £49.90 premium he had paid under duress in January 2025. This offer was put to Mr S, but he rejected it. So, our investigator continued to investigate the complaint.

Having done so, our investigator chose to uphold it. Both parties have had sight of this outcome, so I won’t be recounting it in detail. But to summarise, our investigator accepted Saga were unable to control the decision of their insurer panel.

And they recognised there was a term included within their agreement with Mr S that allowed Saga to not offer cover in the situation they found themselves in. But crucially, our investigator didn’t think Saga’s documentation made it reasonably clear that cover may be withdrawn, even if a customer’s circumstances remained unchanged. So, to recognise this and their belief that Saga should have done more to ensure Mr S wanted his contents only policy to renew, they directed Saga to pay an additional £200 compensation, taking it to

£300 in total. And further to this, they recommended Saga refund the £49.90 payment as offered, plus 8% interest from the date of payment to the date of refund.

Saga didn't agree. They didn't feel it was reasonable or realistic to expect them to include all eventualities in their renewal letter. And they thought Mr S had a responsibility to read and understand their terms and conditions. They also set out why they felt Mr S had given authority for automatic renewal to take place.

Mr S also didn't agree, providing significant and extensive commentary setting out why. This included, and is not limited to, his continued belief that Saga had acted unfairly, and potentially fraudulently, by selling a three-year price fix they could withdraw from. He set out why he didn't believe Saga had paid him £100 compensation, believing the premium payment should be considered as a deduction against this. And he made representations explaining why the additional £200 compensation wasn't enough to recognise the impact caused to him, instead requesting a payment of over £2,000 to recognise what he felt was three years of being "duped" by Saga. As neither party agreed, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached my decision, I want to set out clearly what I've been able to consider and more importantly, how. I recognise in Mr S' representations to our service, he's made several comments setting out his unhappiness with Saga's business practices and why he believes they are fraudulent and should be changed.

I want to be clear that it's not my role, nor the role of our service, to punish a business for their errors. Nor am I able to direct a business to make wholesale changes to their business processes as these ultimately form part of their commercial decision making, which fall under the remit of the industry regulator, the Financial Conduct Authority, to investigate and address.

Instead, my decision is intended to consider the individual circumstances of Mr S' complaint. And where I find Saga have acted unfairly or unreasonably, any direction or award I make is intended to address, and if necessary compensate, Mr S and Mrs S for the direct and individual impact they have suffered. So, this is what my decision has considered and focused on.

I also want to reassure Mr S and Mrs S that I've considered all the information and evidence provided to me when reaching my decision. But in line with our services informal approach as an alternative to the courts, I may not comment on every point they have raised. Instead, my decision has focused on what I'm satisfied is pertinent to the decision I've reached.

I've focused first on the issue I'm satisfied encompasses the crux of Mr S' complaint, which centres around Saga not offering buildings cover for his home, despite him agreeing to a three-year price fix.

I want to be clear that Saga were acting as the broker in this situation. So, they were

responsible for the arrangement of Mr S' home insurance policy. But crucially, they weren't the insurer themselves. So, as part of their role, each year at renewal they approach their panel of insurers to find the cheapest option available, if at all.

Saga have supplied evidence to show that when Mr S' policy was due for renewal at the end of 2024, none of the insurers on their panel were willing to cover the risk of providing Mr S with buildings cover. This isn't something Saga were able to control, nor were they responsible for their insurer's decision.

And I've seen within the terms and conditions of Mr S' three-year price fix that he agreed to that Saga included a term which explained that, where there was a change to their insurers risk criteria, they may not be able to identify an insurer who will provide cover. And, if that was the case they "*will not be able to offer you cover*". So, I'm satisfied they acted within the terms of the price fix agreement when only offering Mr S contents cover in November 2024.

But crucially, as well as acting within the terms and conditions, I must also be satisfied Saga acted fairly and reasonably when doing so. And I'm not satisfied they did in this situation, and I'll explain why.

Within the renewal documentation sent to Mr S in 2022, 2023 and 2024, I've seen Saga describe the three-year price fix as "*your premium remains the same for three years in a row, as long as nothing changes. But you can still leave at any time, with no cancellation fee. T&C's apply*".

Having read this description, I'm satisfied a reasonable interpretation of this by a lay person such as Mr S would be that as long as his circumstances don't change, the three-year price fix would be applicable. I'm not satisfied that Saga made it reasonably clear here that the change of circumstances would apply to both Mr S, and the insurers they work with.

Considering the significance of this, and the fact that if an insurer changed their risk appetite it may mean the three-year price fix couldn't be honoured, I would have expected this to be made reasonably clear to Mr S, at the right time in the right way.

While Saga did include the term referred to above within the terms and conditions, I note this was included much later on within the documentation. And while in an ideal world a customer would take the time to read and understand all of the terms and conditions included, I'm not satisfied it was fair, or reasonable, to expect a customer to navigate several pages of documentation and relate certain descriptions to certain terms.

So, I'm persuaded that Saga failed to communicate this significant term in a fair and reasonable way. And it follows that because of this, they failed to act fairly and reasonably here. I will return to what Saga should do to recognise this when discussing what I'm directing them to do to put things right later within this decision.

I've then considered Mr S' complaint about Saga's attempt to take payment for his contents premium automatically, before chasing him for payment which he ultimately paid a lesser amount for in January 2025. I note Mr S feels attempting to take this payment without his authorisation was unlawful, and unjust.

I've listened to a call provided by Saga which details a conversation between Mr S and themselves in November 2023, before his renewal at that point. And having done so, I'm satisfied Mr S agreed to Saga's automatic renewal process.

Further to this, in Mr S' renewal invite sent in November 2024, I'm satisfied it's made reasonably clear that his policy was due to automatically renew and that payment would be taken in the days before the inception of the renewed policy, unless Mr S called them at least five working days before the renewal date to cancel.

I've seen no evidence that satisfies me Mr S followed this cancellation process. So, I'm satisfied Saga were able to attempt taking payment and held the required authorisation to do so. But again, I must also consider whether Saga acted fairly and reasonably when taking this action.

Mr S made it reasonably clear to Saga that he was unhappy with the decision to only offer contents cover. And he raised a complaint very soon after being made aware of Saga's inability to provide buildings cover, which they responded to, ultimately upholding his complaint and offering compensation.

So, in this situation, I'm satisfied it would have been reasonable for Saga to act more proactively and confirm with Mr S whether he still wished for the contents only policy, before attempting to take the payment. And following this attempt, I'm satisfied it was made reasonably clear to Saga that Mr S was unhappy with this policy and didn't want it. So, I'm not persuaded that continuing to chase Mr S for payment through into January 2025 was the right course of action to take. Because of the above, I'm satisfied Saga also acted unfairly and unreasonably here and I will again return to this when discussing what Saga should do to put things right.

I note Mr S also raised concerns about Saga's response to his request for disclosure. But from the evidence I've seen, I'm satisfied Saga responded appropriately, providing Mr S with the information I would expect. I recognise Mr S is unhappy that Saga didn't provide detailed information explaining why none of their insurers would provide buildings cover. But this information itself is commercially sensitive and so, I can't say Saga acted unfairly and unreasonably when not providing this information to the level Mr S expected. And I'm not directing them to do anything more for these issues.

I am pleased to see Mr S has received more clarity since contacting our service and he was made aware that a previous subsidence event was the likely cause of the increased risk. I note Mr S may feel this is unfair, especially when it's considered that this risk was present in the previous two years, but as I've set out above it is the insurers, and not Saga themselves, that took the decision to rate this risk differently. So, this isn't something I can hold Saga responsible for.

Putting things right

When deciding what Saga should do to put things right, any award or direction I make is intended to place Mr S and Mrs S back in the position they would have been, had Saga acted fairly in the first place.

In this situation, had Saga acted fairly, they would have made Mr S and Mrs S reasonably aware that the three-year price fix was dependent on a change in circumstances from the viewpoint of both themselves, and the potential insurers of the policy.

If Saga had done so, Mr S would ultimately remain in the same position, as this wouldn't have removed the insurers right to alter their own risk appetite.

But crucially, Mr S would have had the opportunity to decide whether this three-year price fix was the right option for him. So, he and Mrs S should be compensated for this loss of opportunity.

And had Mr S been reasonably aware of this, he wouldn't have experienced the shock and frustration he clearly felt when he was made aware Saga could no longer arrange his building insurance. And I've taken into consideration the fact that this emotional impact was felt by Mr S at a difficult time for him, considering his health issues.

And had Saga done more to ensure Mr S wanted to continue with the contents only policy as I would have expected, I'm satisfied it's most likely that Mr S would have confirmed he wished for the renewal to be cancelled. So, he wouldn't have felt the shock of discovering Saga had attempted to take payment, as well as the inconvenience of needing to engage with Saga to dispute this payment before ultimately making a payment for a policy he didn't need or utilise.

I note Saga have already paid Mr S and Mrs S £100 to recognise some of the above, as well as offering to refund the £49.90 Mr S paid. And, our investigator recommended a further £200 compensation be paid, taking the total compensation to £300, while also awarding 8% interest on the refund from the date of payment to the date of refund. Having considered this recommendation, I'm satisfied it's a fair one that falls in line with our services approach and what I would have directed, had it not already been put forward.

I'm satisfied the increase in compensation fairly reflects the emotional impact I've already outlined above, as well as the inconvenience Mr S has been caused needing to engage with Saga when this could have been avoided. And I'm satisfied the refund of the premium payment, plus 8% interest on this amount, reflects the time Mr S has been without access to these funds unfairly.

But I'm satisfied it also takes into consideration the fact that Mr S was able to benefit from the three-year fixed price offer for the first two years of the policy. So, I'm not satisfied it would be fair, or appropriate, for any compensation to consider these years. And, that Saga couldn't control their insurers decision not to take on the risk of Mr S' building in 2024.

I also want to make clear that while I do understand why Mr S has in his mind deducted the premium payment from the initial compensation Saga paid, these are ultimately two separate financial transactions. So, I'm now directing Saga to take the actions detailed above.

My final decision

For the reasons outlined above, I uphold Mr S and Mrs S' complaint about Saga Services Limited and I direct them to take the following actions:

- Pay Mr S and Mrs S an additional £200 compensation, taking the total compensation paid to £300 in total;
- Refund Mr S and Mrs S the £49.90 premium payment taken in January 2025; and
- Apply 8% simple interest on this refund amount from the date of payment to the date of refund.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 24 December 2025.

Josh Haskey
Ombudsman