

## **The complaint**

Mr W, trading as a business I've referred to as R, complains about the sale of his commercial insurance policy by COVERSURE INSURANCE SERVICES (YORKS) LIMITED.

## **What happened**

The following is intended only as a summary of the events leading to this point.

R operates as a retailer of motor vehicles. Its insurance was arranged by Coversure on an advised basis. The cover was arranged over two policies, underwritten by different insurers. The first was a motor trade policy, which had been set up to provide R with cover for damage to its vehicles when they were on the road – but not within 100m of R's premises. The second was a commercial policy, which had been set up to provide cover for R's stock when it was at R's premises.

In February 2024, one of R's vehicles was significantly damaged resulting in a total loss of the vehicle. The vehicle had been located on the street near R's premises. Both insurers declined to cover this loss – as the stock was not on the premises, and the vehicle was within 100m of the premises.

R complained to Coversure that it had been sold an inappropriate policy, bringing its complaint to the Financial Ombudsman Service. Our Investigator recommended the complaint should be upheld. She thought it was Coversure's responsibility to recommend a policy that was suitable for R's needs. Coversure disagreed, saying that the issue was not with the sale of the policy, but with its design – which left a gap in coverage that it was not reasonable to have identified until the time of the claim.

As our Investigator was unable to resolve the complaint, it 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 am upholding this complaint – largely for the same reasons as our Investigator.

R's insurance was provided by two different underwriters, under two separate policy wordings. Coversure's response indicates that it was not Coversure that combined the two areas of cover. If this is the case, then I can appreciate Coversure's comments that it is this product design that is the underlying issue.

However, it was not R that chose to combine this cover. And my role here is to consider the actions of Coversure. Ultimately, in carrying out an advised sale, Coversure was responsible for identifying R's needs and recommending a policy that met these needs – or to point out areas of risk that might not be covered.

Coversure recommended a policy that – as it now acknowledges – had a fundamental gap in cover. And it did not point this out to R.

Coversure has said that the gap could not reasonably have been identified at the point of sale. But I do not agree. When selling the policy, Coversure ought to have asked R questions about where its stock/vehicles were stored. It isn't clear whether or not such a question was asked, but Coversure has not indicated that it was and that R gave an incorrect answer. Had Coversure discovered that R kept vehicles on the road near its premises, it ought to have considered whether the policy it was recommending met these needs. Had it done so, I consider it would have found the gap in cover quite evident.

Coversure is the insurance expert. And ought to have been satisfied that the policy it was recommending either met R's needs, or to have pointed out where these needs were not met. As it failed to do this, R was sold a policy that then did not provide it cover for its losses.

I consider it is more likely than not that R would have been able to take out alternative cover that would have responded to the claim it had to make. So, I consider Coversure is responsible for R not being able to recover its losses. And Coversure ought to put R back in the position it otherwise would have been in.

Our Investigator has previously set out the vehicle valuations provided by the various industry guides. It is these guides which will form the basis of an insurers calculation of the claim value, and I consider it is appropriate to rely on these. R is VAT registered, so this needs to be taken into account – an insurer would settle R's losses on the basis that R would not have had to pay VAT (or could claim this back from HMRC). The insurer would also have deducted the policy excess from the claim value. Taking all of this into account, I consider that – had Coversure recommended R a policy that met its needs – R would have received £9,750 from the insurer. So, this is the sum that Coversure needs to pay to put R back in the policy it otherwise would have been in.

R also would have received this money some time ago. So, Coversure should add interest to this sum. In the absence of any persuasive argument otherwise, I consider that the appropriate rate of interest should be 8% simple per annum.

Mr W suffered frustration, and R suffered inconvenience as a result of this whole process. So, I also consider it is appropriate that Coversure pay an amount to recognise this.

### **Putting things right**

COVERSURE INSURANCE SERVICES (YORKS) LIMITED should put things right by paying Mr W:

- £9,750,
- Plus interest on this amount, at a rate of 8% simple per annum, from one month after the date of R's claim (the reasonable period it would have taken an insurer to meet the claim) to the date Coversure settles this complaint,
- And £300 compensation for the avoidable distress and inconvenience caused.

### **My final decision**

My final decision is that I uphold this complaint. COVERSURE INSURANCE SERVICES (YORKS) LIMITED should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 March 2026.

Sam Thomas  
**Ombudsman**