

The complaint

Mr G has complained that Society of Lloyds (SOL) has unfairly and unreasonably refused to quote to insure his caravan and its contents.

Mr G is represented by Ms N. For ease of reference I shall just refer to Mr G throughout.

What happened

Mr G belongs to the Gypsy community and wants to buy insurance to cover his caravan and contents which is sited on a council owned and managed Gypsy site.

In 2023, he phoned a broker arranging SOL's caravan insurance. He was told his post code wasn't listed in the 'acceptable post code list' so no quote or insurance would be offered to him.

Mr G appealed but SOL and its broker wouldn't change their stance maintaining an insurer is not obliged to provide cover if they don't want to or don't have the risk appetite for it.

Mr G then brought his complaint to us. The investigator was of the view that decisions as to whether insurers decided to provide cover or not were commercial decisions. Insurers were also entitled to choose the risks they wished to cover. Since Mr G's post code was not on its 'acceptable postcode list' the investigator felt this was reasonable. Therefore his post code didn't fit its criteria. So he didn't think Mr G's complaint should be upheld.

Mr G didn't agree. He felt he was being discriminated against unfairly due to his ethnicity, as he couldn't find anyone willing to insure his caravan and contents. So his complaint was passed to me to decide.

I issued a provisional decision on 2 December and I said the following:

'Mr G has complained that SOL has discriminated against him. He thinks he isn't being offered insurance because he is a Gypsy living on a Gypsy site. I've taken the Equality Act 2010 into account when deciding this complaint – given that it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable. If Mr G wants a decision that SOL has breached the Equality Act 2010, then he would need to go to Court.

Having considered the evidence I'm intending on upholding this complaint. I'll now explain why.

In the final response letter, SOL said the following:

- *'Decisions concerning whether or not to provide cover, renew or cancel a policy and the policy terms, conditions and premiums that apply are commercial decisions made by individual SOL underwriters. Like all insurers they can choose whether or not to offer insurance, adjust the premium*

charged and/or apply the terms they consider appropriate in the circumstances. An insurer is not obliged to provide cover, likewise a prospective insured has the option to approach any insurer for insurance cover.'

- *'I can see that Mr G's site is within the postcode [x]. As part of my investigation, I asked underwriters to evidence that they do not permit cover for this postcode area. I have been provided with the relevant section of their underwriting guide which does indeed confirm that this postcode is not included within their acceptable underwriting criteria.'*
- *The product is designed to cater for properties situated within known and acceptable caravan/Park Home sites. . .we keep a list of all postcodes pertaining to these approved sites, (and) if a new site is built, we review this location to determine whether the risk fits with our acceptability. For instance, the new site needs to be registered with one of the National caravan bodies, there has to be a certain number of homes on the site, there should be no commercial trades nearby and the site should have minimum security and ideally be away from main roads. Any property on a site which isn't on our acceptable list should be declined as the site is not approved. . . .'*

I agree that every insurer is entitled to decide what risks it wants to cover and what risks it doesn't. However it's required to do this in accordance with its underwriting guide which is commercially sensitive. This is because it's required to ensure that it doesn't single out one consumer and treat them differently to other consumers in similar circumstances under the edict of 'treating customers fairly' as detailed by the Financial Conduct Authority (FCA).

Mr G's enquiry for caravan and contents cover was not acceptable to SOL solely because his post code wasn't on this 'acceptable list' of post codes which SOL would insure. It also referred to the criteria on which a new site would be accepted and presumably against which both acceptable and unacceptable post codes were originally judged.

Therefore I asked SOL for a copy of the assessment it carried out on Mr G's postcode, a full copy of its acceptable post code list and a copy of its underwriting guide. Underwriting documents are commercially sensitive, so I can't share what I received with Mr G or his representative, and I can't detail the specifics in too much detail either, given we publish our decisions.

SOL said this 'acceptable list' has been in operation since 2016. However crucially no record has been kept of the original assessment of any site, including this one. It appears the majority of assessments are achieved in discussions with underwriters with no written assessment recorded. SOL doesn't believe the regulations require it to keep the assessments. So the vast majority of postcodes and therefore caravan sites on the 'acceptable list' don't have any written form of assessment. Whilst I appreciate SOL has said all post codes are assessed against its underwriting guidance and that it is consistent with this, SOL can't demonstrate this. SOL doesn't actually know why Mr G's post code is unacceptable because it has kept no records of why it was deemed unacceptable with reference to the specific underwriting criteria it says it relied on. It's not apparent to me that the criteria used now was the same criteria SOL might have used whenever it assessed Mr G's post code either. This is because it's referenced underwriting factors which aren't mentioned in its underwriting criteria now like geographical features of cliffs etc. That in turn means I'm not persuaded on the basis of the evidence it's been able to provide that its decision was fair and reasonable.

Further, the idea of basing the notion of acceptable and non-acceptable sites on just a post code which can in some places cover quite an area could be considered somewhat obtuse in my opinion. If the post code is already in effect deemed unacceptable as it's not on the 'acceptable list' it wouldn't matter, for example, if a new park was developed within that post code as the post code is already ruled out. So there would be no reason for SOL to inspect it. Again, that potentially singles out one caravan site and treats it differently to another caravan site with the same facilities given it's simply based on a post code.

SOL has attempted to distinguish itself based on the fact that it doesn't believe it is under any duty to keep records of why any post code is unacceptable by the regulations. I disagree with this as the regulations singularly require it to show it never singles out any site or individual and treats them differently to other sites and individuals in similar circumstances without reasonable justification.

SOL says its decisions are based on the individual 'underwriter's' judgement in relation to the criteria listed. It says insurers would struggle to write any non-standard business without the ability of its underwriters to make such judgements. So to provide a 'fair' decision might be problematical to prove where underwriters have used 'judgement'. It said by way of example that if it had listed the site as not having the right security, it could be challenged by questioning how much is enough security and has it accepted some sites in the past that had similar security.

That is exactly my point though, under its overarching duty to treat its customers fairly, the FCA regulations do require that SOL has to ensure its decision to exclude a post code/caravan site, is actually fair and in line with its underwriting criteria. It's not for me or this service to tell SOL what type of underwriting criteria it should use or how, as this Service doesn't regulate insurers, the FCA does. But if it treats sites or people differently when the circumstances seem similar, it needs to demonstrate there's a fair and reasonable basis for it to do so.

So in conclusion, I don't consider SOL has adequately shown me that declining Mr G's application to buy insurance cover for his caravan and its contents has been fair or in line with the underwriting criteria under which Mr G's application should be judged. And as a result Mr G has been left feeling discriminated against due to his ethnicity. Whilst I appreciate SOL isn't able to share its underwriting information with Mr G directly given it's commercially sensitive information, I am unable to assure him, after independently reviewing the evidence, that SOL reached a fair and reasonable decision to decline his insurance application in line with its underwriting criteria. And so I can understand why he feels like this and I have kept this in mind when thinking about how to put things right.

Given SOL cannot demonstrate it has treated Mr G fairly in declining his application for insurance, I think it needs to reassess his application. I think SOL should undertake a further inspection of the caravan site Mr G resides in against its underwriting criteria rather than simply relying on its 'acceptable' post code list.

It remains there is no guarantee or requirement for SOL to accept Mr G's site and his caravan and contents as an acceptable risk when judged against its criteria (not the acceptable post code list), nor is there any requirement on SOL to share the details of its further assessment with Mr G after it makes this further decision. But at least this way Mr G can be assured he will have been treated fairly since the risk will be judged by the criteria SOL should judge every other application for insurance by.

I consider that Mr G has suffered some distress and the inconvenience of having to await a reassessment of his application which I consider warrants compensation in line with our approach which is more fully detailed on our website. So taking our approach into consideration, I consider SOL should pay Mr G the sum of £350 compensation which I consider to be fair and reasonable.'

Mr G's representative accepted my provisional decision on his behalf. There was no response from SOL.

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.

On the basis that Mr G has agreed with my provisional decision and SOL didn't respond, there is no reason for me to change the outcome or the reasoning in my provisional decision on upholding this complaint.

My final decision

So for these reasons, it's my final decision that I uphold this complaint. I now require Society of Lloyd's to do the following:

- Reassess the site where Mr G's caravan is kept in accordance with its underwriting criteria rather than its 'acceptable post code list.' It should retain its assessment information together with the precise reasons for declination, should this be required by our service in the future.
- Pay Mr G the sum of £350 compensation for the distress and inconvenience he suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 January 2026.

Rona Doyle
Ombudsman