

## The complaint

Mr A is unhappy that Orwell Insurance Services Limited (“Orwell”) didn’t tell him it would keep the commission it received if he cancelled his insurance policy mid-term.

## What happened

The background to this complaint is well-known to both parties, so I’ve summarised what I think are the key events.

Mr A bought home insurance using the broker, Orwell. He said his home would be unoccupied for several months of the year, he made some changes to the information used for the quote, and in October 2024 he went ahead with the policy. Orwell had provided Mr A with the relevant policy documents.

In April 2025, Mr A cancelled the policy. Orwell charged a cancellation fee, kept the commission, and refunded £217.61 of the remaining premium. However, Mr A was unhappy that Orwell had kept the commission, so he complained. Orwell didn’t uphold his complaint. In its final response letter, Orwell said that it was entitled to keep the commission and this was set out in the Terms of Business Agreement (TOBA) made available to Mr A prior to the sale.

Because he remained unhappy, Mr A brought his complaint to us. Our investigator thought Orwell had unfairly retained the commission because it hadn’t given Mr A clear information. Our investigator said Orwell should refund the commission along with interest from the date the premium had been refunded.

Orwell didn’t agree. It referred to the relevant financial regulations and said it had met the requirements to disclose that commission would be earned on the sale. Orwell said it had arranged the policy, which was what the commission was for, so it shouldn’t have to lose out because Mr A cancelled his policy mid-term.

I issued a provisional decision in December 2025 explaining that I was intending to uphold Mr A's complaint. Here's what I said:

### provisional findings

The Financial Conduct Authority's (FCA) rules require a broker to provide consumers with clear, fair and not misleading information during the sale of an insurance policy. And the guidelines say that a business should provide support and help with understanding, and enable customers to pursue their financial objectives.

The terms of business sets out the detail of the contract between Mr A and Orwell, so I've looked at the relevant parts.

### Terms of Business agreement (TOBA)

Under the heading, *You're [sic] right to cancel your insurance*, the TOBA states:

*Where a policy is cancelled after the 14-day cancellation period then we will retain our full commission and fee in addition to a £25 cancellation fee.*

And under the heading, *Our service charges*, the TOBA states:

*You will be charged a fee for our services when your policy commences, at renewal, cancellation, or any midterm adjustments. Fees are also charged for instalments, direct debit payments\arrangements. These charges are listed below and in the Statement of Price, which is given to every customer and relates to every incepted insurance policy. Insurers will also pay us a percentage of the annual premium as a commission.*

*Our fees for new business or renewal cases, which are incepted, are charged at 10% of the insurance premium (after insurance premium tax has been added), subject to a minimum charge of £30.00, unless otherwise advised.*

Looking at the *Statement of price* referred to above, the amounts shown are for the Premium, Insurance Premium Tax and the Administration Fee. It is not made clear within that statement whether the commission and/or Orwell's fees are included.

Based on this evidence, I think Orwell did include relevant information about it receiving commission from the insurer, albeit without specifying the percentage. I also think Orwell included the fact that it charged 10% of the premium for its own fees.

That said, even having the statement of price and the breakdown of the refund issued to Mr A, it's unclear how the figure of £88.75 was calculated. I don't think it's fair or reasonable to expect Mr A to simply accept that as an amount Orwell could retain.

Although I think Orwell did give the required information in the TOBA and policy documents, I've considered further evidence in reaching my provisional decision. Mr A asked Orwell for a quote and I note that he asked by email, in September 2024 and prior to purchasing the policy:

*Please could I ask the following:-*

*2) If we cancel the policy after 6 months is the refund on a pro rata?*

Orwell responded with:

*If you cancel the policy after 6 months, £25.00 cancellation charge pro rata refund.*

I find this evidence quite compelling. Here, Mr A specifically asked about the cost of cancellation and Orwell did not mention any commission, or percentage fees that would be retained. So I think Mr A could reasonably expect that any refund on cancellation would be limited to the deduction of the premium paid for time on cover and the £25 cancellation charge.

Turning back to the requirements, I don't think the cancellation information Orwell provided during the sale was clear and not misleading. For that reason, I think Orwell ought to refund to Mr A any deductions made above the £25 cancellation fee and the time on cover premium. Further, I think Orwell ought to pay Mr A 8% simple interest from the date of the first refund to the date it pays the additional refund.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

### Responses

Mr A accepted my provisional decision.

Orwell asked for clarity about the information it ought to provide to prevent a similar situation, particularly in light of the FCA rules regarding disclosure of commission. That said, Orwell accepted the provisional decision because it acknowledged that it should've given Mr A more accurate information when he asked about cancellation prior to purchasing the policy.

### **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 remain of the view that the outcome I proposed is fair and reasonable in the circumstances.

For clarity, as stated above, I found that Orwell had provided the "*relevant information about it receiving commission from the insurer [...] I also think Orwell included the fact that it charged 10% of the premium for its own fees*". But, when it came to the refund, I didn't think it was fair to expect Mr A to simply accept a figure without understanding how that was calculated.

Orwell accepted that it didn't provide the accurate information it should've done when Mr A specifically asked about a mid-term refund even before he bought the policy. At that point Orwell had the opportunity to say, and should have said, that the full commission would be retained. By not giving the relevant information, I remain of the view that Orwell did not provide cancellation information during the sale which was clear and not misleading.

## **My final decision**

For the reasons I've explained above, and in my provisional decision, my final decision is that I uphold Mr A's complaint and Orwell Insurance Services Limited must:

- refund to Mr A the deductions made which are above the £25 cancellation fee and the premium paid for time on cover, and
- pay Mr A 8% simple yearly interest\* from the date of the £217.61 refund to the date it pays the additional refund.

\*If Orwell Insurance Services Limited considers that tax should be deducted from the interest element of my award, it should provide Mr A with a certificate showing how much it has taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 2 February 2026.

Debra Vaughan  
**Ombudsman**