

The complaint

Ms M complains about the way Saga Services Limited renewed her buildings insurance policy.

What happened

The circumstances of this complaint aren't in dispute, so I'll summarise the main points:

- Prior to Ms M becoming the policyholder, I understand the previous policyholder had a buildings insurance policy through Saga, underwritten by an insurer, who I'll call C.
- A subsidence claim was made, which C accepted and went on to deal with.
- Ms M became the policyholder at the 2022 renewal. She maintained the policy with Saga and C. The position remained the same at the 2023 renewal.
- At the 2024 renewal, Saga changed the underwriter from C to another insurer, B. Ms M later discovered that B wasn't providing her with subsidence cover.
- Ms M complained to Saga. In summary, she said Saga should have supported her to maintain subsidence cover in 2024, in line with good industry practice. And, failing that, it should have been clearer that B wasn't providing subsidence cover.
- Saga said it was up to the underwriter to decide what cover they're prepared to provide. So, whilst Saga would endeavour to offer the same cover at renewal, if the insurer wasn't prepared to provide such cover, Saga couldn't offer it. Saga said the 2024 renewal documents included an endorsement which said subsidence cover was excluded. However, it accepted it could have been clearer about the endorsement and the impact on policy cover. As a result, it paid £50 compensation.
- Our investigator agreed Saga should have been clear with Ms M about the endorsement. She also said it should have let her know she was entitled to approach C directly to seek continued subsidence cover. To recognise the impact of Saga's shortcomings, our investigator said it should pay £200 compensation.
- Saga agreed to do this. Ms M didn't think that amount of compensation went far enough to reflect the impact on her of Saga's actions. Amongst other things, she said the absence of subsidence cover could reduce the property value, so she may have a financial loss, as well as distress and inconvenience.

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.

- When considering what's fair and reasonable in the circumstances I've taken into account relevant law and regulations, regulators' rules, guidance and standards,

codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Whilst I've read and taken into account everything said by both parties, I'll only comment on the points I think are relevant when reaching a fair outcome to this dispute. That's a reflection of the informal nature of this Service.

- The scope of this complaint is limited. I can only consider any activities Saga is responsible for and which were the subject of the original complaint. That's the way it renewed the policy at the 2024 renewal only.
- During our complaint investigation, we discovered the policy hadn't provided subsidence cover at the 2022 or 2023 renewals, in addition to the 2024 renewal. Saga agreed to consider a complaint about that separately, which it went on to do. Ms M is entitled to refer that complaint to this Service if she wishes.
- I can't consider any activities the insurers, B or C, are responsible for, such as the subsidence claim and decisions about what cover to provide. Ms M is entitled to make separate complaints to B and/or C if she would like to.
- I'll start by summarising what Saga was responsible for. Saga has accepted it could have been clearer and has agreed to pay a total of £250 compensation. So I'll consider whether that's a fair and reasonable remedy in the circumstances.

What was Saga responsible for?

- At the 2024 renewal, Saga was responsible for gathering from Ms M the information required by the underwriter in order to renew the policy.
- Saga was also responsible for providing Ms M with information that was clear, fair and not misleading so that she could make an informed decision about whether the policy was right for her. That included appropriately highlighting any information or policy terms that were significant, onerous or unusual. I would also expect Saga to take into account any relevant law, regulation and industry best practice.
- The sale and renewal of the policy was non-advised. So Saga didn't need to go as far as to provide Ms M with advice or recommendations.
- Saga operates a panel of insurers. At the renewal, it will use the information given by Ms M to find out which insurers from its panel are prepared to provide her a policy, and on what terms and for what premium. It will generally offer Ms H a policy from the insurer with the lowest premium for the most suitable terms.
- Saga isn't an insurer, it's an independent intermediary. So it can't provide any insurance cover itself – it's limited by the cover the insurers on its panel will provide.

Is £250 compensation fair and reasonable?

- In earlier years, Saga arranged for C to underwrite the policy. By the 2024 renewal, C had left Saga's panel of insurers. So, when Saga approached the 2024 renewal, it couldn't arrange for C to underwrite the policy as it had done before.
- Saga turned to its panel of insurers. I understand only B was prepared to provide a policy. And only with an endorsement that said damage caused in a number of ways was excluded. That included damage caused by, amongst other things, subsidence, flood, escape of water, storm, and theft.

- That's a considerable limitation to the cover typically provided by a buildings insurance policy, so I'm satisfied the endorsement was a significant term – and therefore it should have been appropriately highlighted to Ms M.
- As B was the only insurer on Saga's panel willing to provide a policy, that was the only offer Saga could propose to Ms M. That's not unreasonable in principle. But it was important for Saga to fulfil the responsibilities set out above when it communicated with Ms M, so she knew the significant limitation of the policy being offered to her and could decide whether it was right for her.
- Saga has conceded its communication didn't meet those responsibilities. It included the endorsement in the renewal documents, so the information was there for Ms M to find. However, it wasn't prominent – despite the significance of the limitation.
- And the renewal documents were accompanied by a standard Insurance Product Information Document. This document acts a summary of key information about what is and isn't insured. It said damage caused by flood, storm, subsidence and theft was covered. And it didn't mention the endorsement, or the impact of it, in the section called 'are there any restrictions on cover?' So I can understand why Ms M would have been reassured by the IPID that she had typical buildings insurance, including subsidence cover. Providing Ms M with a standard IPID clearly didn't fulfil Saga's responsibility to provide information that was clear, fair and not misleading.
- As our investigator has explained, given C had recently dealt with a subsidence claim at the property, I would have expected Saga to not only be clearer about the significant limitation of the policy it was offering, but also to be clear that Ms M was entitled to approach C directly if she wished to maintain continuous cover with it. Then Ms M would have been aware of her options and could have chosen how to proceed, fully informed.
- Saga initially paid £50 compensation for the impact of shortcomings in its communication in 2024. And it later agreed to pay £200, making a total of £250. The question for me is whether that's a fair and reasonable amount in the circumstances. I'm satisfied it is and I'll explain why.
- This amount is solely for Saga's communication at the 2024 renewal. It doesn't take into account how Saga acted at any other renewals. Nor does it take into account the way C handled the claim – which I think is the source of a great deal of Ms M's concern. And nor does it take into account the role B played in the matter.
- When a business makes a mistake, my role is to consider what impact that mistake had. That means considering what position Ms M would likely have been in were it not for the mistake – and thinking about how much better off, if at all, she would likely have been without the mistake. That helps me to decide what a fair and reasonable remedy is in the circumstances.
- If Saga had been clearer at the 2024 renewal, Ms M would have known the policy offered had a significant limitation. She could have chosen to accept that in full knowledge of it – or sought wider cover elsewhere. She would also have known she could approach Covea directly to seek continuous cover, including subsidence.

- So I think it's clear Ms M would have been better informed and wouldn't have been surprised and disappointed to later discover she didn't have subsidence cover. But whether her position would have been better in relation to policy cover is unclear.
- It's evident that maintaining continuous subsidence cover is important to Ms M. So, with clearer information, I think it's likely she would have approached C directly. And, as the insurer who handled the recent claim, C is the only insurer with any degree of obligation to provide such cover.
- However, we don't know what C would have done. Whilst it's industry best practice for insurers to usually maintain subsidence cover after a claim, it's not an absolute requirement – and there will be times when cover reasonably can't be maintained. The property has been unoccupied for some time, so it's possible that factor would reasonably influence Covea's decision. I can't predict with any certainty whether it would have offered a policy or not – and, if so, on what terms. The option to explore that with C remains open to Ms M.
- In my experience, it's very rare for insurers to provide subsidence cover following a recent subsidence claim handled by another insurer. And, if they do, they usually charge a considerably higher premium and/or excess. So I think it's unlikely Ms M would have found a policy on the wider market that provided subsidence cover on attractive terms.
- So, I think the only way Ms M's position in relation to policy cover could possibly have been better is if she had approached C. But, given the uncertainty about how C would respond to that, I'm not persuaded her position would likely have been materially better in relation to policy cover. And, if C is willing to provide her with a policy including subsidence cover, Ms M can take up that option and limit any ongoing concerns she has about policy cover.
- I haven't seen any evidence to show that Saga's communication in 2024 alone has led to any reduction in the value of the property – or any other financial losses.
- Taking all of this into account, I'm satisfied £250 is fair and reasonable compensation to reflect the distress and inconvenience caused to Ms M as a result of the shortcomings in Saga's communication in 2024.

My final decision

I uphold this complaint and require Saga Services Limited to:

- Pay a total of £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 4 February 2026.

James Neville
Ombudsman