

The complaint

Mr and Mrs S complain Arthur J. Gallagher Insurance Brokers Limited (AJG) sold them an unsuitable block, flats and apartments insurance.

What happened

The details of this complaint are well-known to the parties, so I won't repeat them here. Instead, I'll focus on the reasons for my 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.

In 2012, Mr and Mrs S took out an insurance policy through AJG, a broker. The policy renewed each year until 2025 when AJG said it couldn't renew the policy because Mr and Mrs S were leaseholders rather than the freeholders. Mr and Mrs S have now sourced a policy elsewhere. Mr and Mrs S complain, in brief, the policies AJG sourced for them each year have been invalid and to resolve the complaint they want their premiums refunded and to be paid fair compensation.

There is limited information available from 2012. But it seems from the statement of fact AJG could have known Mr and Mrs S were leaseholders and therefore the policies weren't suitable from that time. AJG acknowledged it should have done more in 2021 onwards and agreed to support Mr and Mrs S in the event of a claimable event from then onwards. It later accepted the Investigator's recommendation to extend this offer to 2012.

While Mr and Mrs S ask for a refund of their premiums, I don't find that's fair and reasonable. I say this because they would have always incurred this cost, so they haven't lost out financially. Nor have they had to make a claim, and AJG's commitment to support them in the event of a claimable event (which seems unlikely) means they haven't lost out there either. Additionally, AJG would have passed the premiums to the insurers, so it's not holding the premiums.

I find it would have been distressing for Mr and Mrs S to be told they didn't have valid cover for an extended period. It follows compensation is appropriate. AJG have offered them £200 compensation. I'm satisfied that's a fair and reasonable amount in the circumstances because, for the reasons I've set out above, there was no material impact on Mr and Mrs S outside of the shock and frustration of finding out what had happened.

Putting things right

AJG must support Mr and Mrs S with any claimable events they may require assistance with while the policy was in place, from inception. It must also pay them £200 compensation in total for the distress and inconvenience caused if it hasn't already done so.

My final decision

For the reasons given above, I uphold the complaint. I now require Arthur J. Gallagher Insurance Brokers Limited to settle this complaint in line with my instructions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S and Mr S to accept or reject my decision before 11 February 2026.

Liam Hickey
Ombudsman