

The complaint

J, a company, complains about a claim it made on its Euler Hermes SA/NV trading as Allianz Trade ('Allianz') commercial risks insurance policy, which was declined.

J says Allianz treated it unfairly.

J's complaint is brought by Mr D, but I shall refer to all submissions as being J's own for ease of reference.

What happened

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

Having done so, I don't uphold J's complaint. Before I explain why I wish to acknowledge the various submissions J has made. Whilst I've read everything it has said, I won't be addressing it all. That's not intended to be disrespectful. Rather it's representative of the informal nature of the Financial Ombudsman Service. Instead, I'll focus on giving my reasons for my decision.

In this case Allianz has declined to cover J's claims on the basis that the claims do not relate to legally valid and enforceable agreements for goods sold and despatched and/or services provided to an insured buyer, that J did not exercise reasonable care and prudence in its dealings in those transactions and because the claims do not fall within the section 1.1 of the policy terms at all and because disputes are excluded by the insurance .

It's not necessary for me to address all of the reasons Allianz has turned down J's claims. If I think that one of those reasons applies to them, that is enough for Allianz to fairly reject them. I have however considered all three of the reasons Allianz gave carefully and addressed them all for the sake of completeness. In doing so I'm satisfied that they do all on balance apply. This is why.

Legally enforceable agreements

The policy covers losses that are owed to J by its customers under a contract which is defined as:

"a legally valid and enforceable agreement for goods sold and Despatched and/or services Provided by you to an Insured Buyer."

J's claim against a party I shall refer to as E, is not subject to a formally documented contract. Whilst J says the WhatsApp messages it has shared support that the terms of its

agreement with E, I'm not persuaded that these are sufficient to properly show that a legally valid agreement was in place. There are for example no details of payment and delivery terms and it is difficult to validate from the messages who J was entering into a contract with other than the name associated with the telephone number stored on J's phone.

For its claims against parties I shall refer to as S and P, there is a written contract, but this is signed by the broker and was entered into after the transactions actually took place. The agreement also explains that each trade order will be subject to a separate contract between J and S and J and P. But I have not seen any copies of these trade orders which would form the basis of the claims made and neither has Allianz. In light of that, I'm not satisfied that J has been able to adequately evidence these contracts.

J's reference to a course of dealings being created between the parties being capable of creating legally enforceable obligations does not answer the missing information I have identified here.

Due diligence

The policy says:

"Under your Policy and in all your dealings with Insured Buyers, you must exercise reasonable care and prudence as if you were uninsured."

This means J needed to have carried out adequate checks to protect its financial interests as if it had no insurance in place.

In this case there is considerable information missing that would support that J did this. For example, for its claim against E, J has not been able to evidence that it carried out proper checks to confirm that the person representing E was the correct person. J says it met with the individual concerned in person, but I don't think that means that J carried out an appropriate check to verify that person was authorised by E at all.

Further there is no evidence to support that the goods in question here were received at all.

Equally in its claims for P and S, J has not provided any evidence of delivery of goods to either company nor that the buyers knew the goods were available for pick up or that they had been picked up.

In this case Allianz reached the conclusion that it's quite possible that J was the victim of fraud and that there was no evidence that any of the companies it thought it was entering into agreements with had named or authorised anyone to enter into a contracts with J at all. This is supported by the fact that E have denied doing business with J entirely. Equally P are uncontactable and appear to have ceased trading some time ago, so it's unclear whether they had any knowledge of the transactions either.

I appreciate that obtaining the insurance from Allianz gave J the confidence to enter into agreements with these buyers, albeit on an unconventional basis. But in this case the policy required J to exercise reasonable care and prudence as if they were uninsured. Looking at everything J has said, I'm not satisfied that it can show it did that and this ultimately prejudiced Allianz' position. As such I think it was reasonable for Allianz to rely on this term to decline the claim.

J says that due diligence must be assessed contemporaneously. I agree. But I haven't seen any evidence to support this was properly conducted. The fact that either a buyer or J might have insurance doesn't support this on a standalone basis, particularly if a policyholder can't

evidence the buyer was even aware of the contract or provide the contract. Equally I wouldn't expect Allianz to interrogate J's due diligence at the time it was said to have been carried out. That's not its role. Allianz would only consider whether this had been properly carried out once a claim had been made and if J failed to take adequate steps to protect itself from fraud, that is a legitimate reason for Allianz to turn down its claim, as it has here.

No insured event

The policy at paragraph 1.1 says:

"You are covered for the Insured Percentage of all Insured Debts subject to the terms of the Policy. Under your Policy, an Insured Debt is so much of any debt that:

- a. owed to you by an Insured Buyer under a Contract; and*
- b. does not exceed the Permitted Limit; and*
- c. has been invoiced to the Insured Buyer within 14 days of the goods being Despatched or the services being Provided; and*
- d. arises from your trade specified in the Schedule; and*
- e. relates to goods that you have sold and Despatched and/or services that you have Provided to the Insured Buyer within the Period of Cover specified in the Schedule including any contractual interest payable up to the original due date for payment and included in the invoice; and*
- f. relates to a Contract that specifies terms of payment no more favourable to the Insured Buyer than the maximum terms of payment specified in the Approved Limit for that Insured Buyer, or the Schedule where no such Approved Limit exists."*

The policy also does not cover insured debts or losses caused by a "Dispute" which is defined as: *"any unresolved, genuine and documented disagreement between you and the Insured Buyer relating to any obligations owed by either you or the Insured Buyer under the Contract that results in refusal by the Insured Buyer to pay you any debt."*

Without any documents to support that the various provisions of paragraph 1.1 have been made out, but particularly that the debts themselves were incurred by the insured buyers, I can't say that Allianz did anything wrong in turning down J's claim.

Allianz has established that the evidence J has supplied to support its claims does not show either the basis of the contracts entered into or that J entered into relationships with the parties concerned. Without this, I can't say that an insured event has arisen here such that Allianz need to do anything further.

And given J has not been able to demonstrate that an insured event has arisen, it makes no difference whether the debts are disputed because there is nothing to support the claim amounts to an insured event anyway.

My final decision

For the reasons set out above, I don't uphold J's complaint against Euler Hermes SA/NV trading as Allianz Trade.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 9 April 2026.

Lale Hussein-Venn
Ombudsman