

## **complaint**

This complaint relates to the services provided to Mr B by his broker, The Insurance Partnership Services Limited ('IPS'), in relation to his Farm Combined Insurance Policy.

## **background**

Mr B arranged insurance for his farm through IPS over a seven year period before there was a fire leading to a claim for damage to farm buildings. The insurer decided that the farm buildings had only been insured for 53% of their value and invoked its right to 'average' claims, which resulted in the reduction of the amount it was prepared to pay for repairs by 47%.

Mr B complained to IPS on the basis that it had never warned him that he might be underinsured, or recommended that he review his insured values or talk to a valuer. Our adjudicator felt that IPS had provided the services one would reasonably expect from a broker in these circumstances. Mr B asked for the case to be referred to an ombudsman.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where there is a dispute about what has happened, I have to base my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the evidence available to me.

IPS originally arranged insurance for Mr B before the point at which it became a regulated business over which we have jurisdiction. Therefore, I cannot make any decision about what happened when IPS first arranged insurance for Mr B and how the insured value of his farm buildings was originally determined. All I can look at is what happened when Mr B's insurance was renewed after the point that IPS had become a regulated business.

On renewal of a policy I think it would be reasonable to expect a broker to want to feel comfortable that its client understood the need to keep its insured values up to date. I think the question here is whether IPS was justified in thinking that Mr B understood that this was his responsibility. There is perhaps a separate question as to whether Mr B fully understood the consequences of getting this wrong and the risk of claims for less than total loss being 'averaged' but Mr B has not complained about the application of averaging, he has complained that IPS did not do enough to make sure he was fully insured.

It is clear that IPS had on at least one occasion in the past made clear to Mr B in writing that it was his responsibility to check his insured values on renewal. For example, it wrote to him on a previous renewal saying '*The sum(s) insured are not index-linked and should be checked to avoid the danger of underinsurance in the event of a claim*'. IPS has also said that insured values would have been a regular topic in discussions with Mr B about his insurance arrangements. Certainly, it is also clear from minutes of meetings when IPS visited Mr B and his wife ahead of renewals that their insurance requirements were discussed in some detail and that Mr B and his wife took an active part in those discussions and raised issues about their farm that could be relevant under their insurance policies. It is also apparent that Mr B had in the past instigated a change in the insured value of items of farm machinery and so, at least in that context, did not think of insured value as a responsibility that someone else was taking care of.

It is possible that Mr B did in some way assume that his broker was taking care of the insured value of his buildings. Building valuation is a difficult area and it is an appealing idea that your broker could take it off your hands. However, the reality is that the broker will not usually have the technical expertise or enough knowledge of the building to allow it do so. I think in most cases that ought to be apparent to the policy-holder. And, whatever Mr B may have thought about the position, IPS has evidence that, on at least one occasion, Mr B was told in writing that he needed to check sums insured.

The situation might have been different if IPS had been completing insurance forms, year after year, without reference to the client and if the insured values had never been increased. But here it is clear that Mr B was actively involved in the renewal process and that he understood that it was his responsibility to manage insured values at least for his farm machinery. In addition, the insured value for buildings had not remained flat since the insurance had first been taken out but had increased quite significantly over the period.

I think that IPS did have reasonable grounds to believe that Mr B understood that it was his responsibility to keep the insured value of his farm buildings up to date. That being the case, I think IPS was entitled to assume that Mr B knew how to go about doing that and there was no need to recommend him to seek advice from a valuer.

#### **my final decision**

My final decision is not to uphold the complaint and I make no award against The Insurance Partnership Services Limited. Under the rules of the financial ombudsman service, I am required to ask Mr B to let me know whether he accepts or rejects my decision before 24 December 2014.

Jonathan Coppin  
**ombudsman**