

complaint

Mr S has complained about CIP Insurance Brokers Ltd. He isn't happy about the fact that it didn't set up a commercial agricultural policy for him that covered his hired equipment.

background

Mr S had an agricultural commercial policy which he organised through CIP over a number of years. He put a claim in after a harvester he had hired was damaged by ingress in August 2015 – a stone had gone in through the harvester's front blades causing a significant amount of damage.

When Mr S made the claim through his broker it transpired that Mr S wasn't insured as he thought he was. CIP had placed Mr S with a particular insurer, but that insurer had withdrawn from the market in March 2015. CIP said that it made Mr S aware of this and the fact that it could no longer get cover for him. But there isn't any record of this. CIP went on to try and insure Mr S with a new insurer the day after he made his claim for the harvester. And looked to make a claim to that insurer for the damaged combine harvester which understandably was turned down as it wasn't on cover at the time of claim.

Ultimately, CIP said that Mr S was aware that it wasn't able to get full cover for all his insurance needs in March 2015. It highlighted that as far as it was aware all of the agricultural equipment that was on Mr S's policy was owned by him and said that any hired plant wouldn't have been covered in any event.

Although Mr S tried to work this through with CIP, as he had a longstanding relationship with it, things weren't finalised. And as CIP maintained he wasn't insured, and so not covered for the claim, Mr S complained to this service.

Two case handlers from this service looked into Mr S's complaint for him. They undertook a number of enquiries and a great deal of investigation. And they were both of the view that the complaint should be upheld. They highlighted that CIP hadn't been able to provide any real supporting notes or evidence that it advised Mr S that he wouldn't be covered in this scenario. And they were satisfied that Mr S had made it clear to CIP that he hired plant equipment. So, they thought CIP should look to pay the claim as if cover was in place (by finalising this with the plant provider who had to repair the damaged harvester) and pay Mr S £250 compensation.

As CIP didn't agree the matter has been passed to me for review.

my findings

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 and considered CIP's and Mr S's further representations since this service's adjudication and further view I'm upholding this complaint. I'll explain why.

This case is difficult to decide and is significantly hampered by the lack of detail and information provided by CIP. The details of insurance cover aren't very clear. But it appears that Mr S arranged his insurance through CIP over a number of years and relied on their professional expertise as an insurance broker to understand his business model and needs.

Mr S has highlighted throughout that he relied on CIP who advertised that customers can *'let us make sure you're covered'*.

It is clear that Mr S met with a senior partner/director and discussed his business model and explained that he owned, leased and hired agricultural equipment and machinery. He tried to meet with the senior partner in order to discuss this on a number of occasions after the claim but for some reason the representative of CIP wouldn't meet him. CIP hasn't really provided any commentary about this, but I find Mr S's testimony persuasive here. I certainly think it is clear that Mr S hired plant and I think CIP should've understood this. Indeed, his original insurance (arranged by CIP) provided cover for his needs. And I think this evidences the fact that CIP understood Mr S's position and business needs.

It would appear that during the early part of 2015 the previous insurance provider (who provided full cover for Mr S including his hired agricultural equipment) withdrew from the market. And CIP didn't renew Mr S's policy with the insurer in March 2015. It initially wasn't clear if CIP placed Mr S on cover elsewhere at this time. But it appears that it had a number of conversations with insurers, but they wouldn't provide cover. CIP say that they told Mr S about this but there isn't any record of this. I know CIP had technology problems when it moved computer systems which has meant a loss of data. But given that Mr S raised a claim a few months later I would expect it to have maintained a separate file about all of this. I would expect it to be able to provide good documentation and notes (indeed it is obliged to), but it hasn't which is surprising.

One of the factors that persuades me that this case should be upheld stems from the fact that CIP looked to place Mr S on cover the day after he made the claim with a different insurer. I wonder why this action was undertaken, around the time of claim, if Mr S had been clearly advised that he wasn't covered. I say this as CIP should have just reiterated that Mr S wasn't covered as opposed to get cover elsewhere and to put a claim in. Again it was clear that Mr S had hired the harvester and had to use a replacement which CIP clearly knew was hired. Given all of this and the fact that CIP can't provide any evidence that it told Mr S he wasn't on cover for his hired equipment from March 2015 I think it should cover the claim as if insurance was in place.

I am certainly not persuaded that Mr S would have just gone ahead and hired expensive agricultural equipment that was uninsured. It hasn't been possible to establish if CIP would have been able to gain Mr S the appropriate cover at that time. But I'm satisfied Mr S would have ensured that he was insured by going through a different broker, or he would've chosen to operate his business differently or ensured that the plant hire provider arranged insurance – indeed, CIP managed to arrange the appropriate cover later that year. I certainly don't think Mr S would've run the risk, with very expensive equipment, of not being insured and he relied on CIP for its professional advice on his insurance needs.

CIP's response to the adjudication mainly questioned how Mr S had made his complaint to this service and questioned how his business was set up. All these issues have been addressed separately and I have no concerns about any of this. But it didn't really offer any further explanation or clarification about what had happened around the time Mr S's cover with his previous insurer lapsed or provide any further evidence in support of its position.

Ultimately, CIP had a regulatory duty under this advised sale to establish the needs of Mr S. This included asking questions about his risk, the general status of his fleet and how his business worked in order to ensure it was able to find him suitable cover. It seems clear that it undertook at least part of its requirements (probably in the meeting with the senior

partner/director) when placing Mr S on cover with the previous insurer that withdrew from the market when his policy stopped in March 2015.

So, given that I don't think Mr S would've decided to go uninsured for a large part of his business need and CIP had a duty to consider his needs and advise him I agree that it has allowed him (for reasons that remain unclear) to underinsure. And so I think it should step in and provide cover equal to that Mr S had before the claim and had he been properly advised. It should pay the outstanding debt that Mr S is being chased for by the company that hired him the harvester. It should negotiate quantum direct ensuring that Mr S has nothing to pay in relation to this claim and doesn't face any detrimental outcome.

Finally, I agree that all of this has caused an unnecessary strain and burden on Mr S and his business. He has been chased for an outstanding debt and CIP hasn't ensured Mr S was insured when he reasonably believed he was (as he had been previously). As such, I think £250 compensation seems fair in the circumstances.

my final decision

It follows, for the reasons given above, that I uphold this complaint. I require CIP Insurance Brokers Ltd to liaise with the harvester provider to agree quantum ensuring that Mr S doesn't owe anything in relation to this claim and that it doesn't have any detrimental effect on him. And pay £250 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 January 2021.

Colin Keegan
ombudsman