

complaint

G, a company, complains about information it was given by Xbridge Limited about its public liability and professional indemnity cover. It is represented in this complaint by G's director (Mr S).

background

After G installed artificial turf at a client's property, the client complained about the work that had been done and wanted its money back. So G contacted the insurer to make a claim under the policy.

The insurer said the claim didn't fall under the cover provided by the policy, and in any event, the policy excluded the installation of materials. So it refused the claim.

Mr S made a complaint to Xbridge on behalf of G. He said he'd specifically told Xbridge he wanted cover for the installation of artificial turf, and was led to believe the policy covered this. Xbridge didn't agree so Mr S brought a complaint to this service on behalf of G.

Our adjudicator thought Xbridge had told Mr S that errors with installation wouldn't be covered, but he accepted the adviser could have made things clearer. But he didn't think G had been prejudiced by this, as it wouldn't have been able to take out a policy elsewhere that would have covered the installation of the turf. He recommended Xbridge pay £250 compensation for the confusion.

Xbridge agreed to this, but Mr S remained unhappy. So the matter has been passed to me.

my findings

I've considered all the evidence and arguments to decide what's fair and reasonable in the circumstances of the complaint.

public liability cover

G took out public liability cover through Xbridge in 2013. A few months before the policy was due to renew in 2014, Mr S called Xbridge. He explained that G had done some work for a client which the client wasn't happy with. He wanted to check the cover that G held under the policy.

Xbridge's adviser explained that if there was a dispute then this would need to go to the claims team, and they could let him know if this was covered. Mr S then asked if G was covered for artificial turf installation – he explained it was an expensive product and wanted to be covered in case it was cut incorrectly or the seams weren't lined up. The adviser confirmed Xbridge had G's business recorded as garden maintenance excluding tree felling. He told Mr S he would check with the technical team to see if installation of turf was covered.

The adviser then came back and told Mr S that they could cover G for the installation of artificial turf, but would need to make an amendment to G's business and record it as landscaping gardening.

The public liability insurance held by G covered accidental third party personal injury and damage to property. So I would presume that the adviser meant the installation of the turf

would be covered if a third party suffered a bodily injury or third party property was damaged during the installation. But this wasn't explained properly to Mr S, and wasn't what he had asked for.

The adviser then said they could cover the turf as stock, but wouldn't cover the turf if it was damaged whilst being installed. Mr S says he thought this comment related to the stock insurance, as the adviser had already confirmed he was covered for the installation of the turf.

I can understand why the conversation with Xbridge's adviser led Mr S to think the policy would cover any errors G may make with the installation of artificial turf. He specifically asked about this, and was told G was covered for the installation of the turf. Although the adviser then told him the policy wouldn't cover the turf if it was damaged whilst it was being installed, this comment apparently related to stock insurance.

But I note that it didn't cost G any more to have its business amended on the policy to landscape gardening. So even though the adviser didn't properly explain how the installation of artificial turf would be covered under the policy, I don't think this caused G any financial loss.

If the adviser had properly explained that the policy wouldn't cover any loss or damage to the turf itself during installation, then I think the only thing different that would have happened, would have been that G's business wouldn't have been amended on the policy. I don't find that G was prejudiced by the information it was given, because I don't think G would have been able to obtain the cover elsewhere that it wanted.

That being said, I agree with the adjudicator that some compensation is due here. G was led to believe that errors made during the installation of turf would be covered, so because of this, it made a claim under the policy (even though the policy didn't cover this type of loss). I think this caused G unnecessary inconvenience. It may also be the case that G has delayed settling with its client because Mr S thought Xbridge should be responsible for this (due to the advice he'd been given). This delay may have caused some damage to G's reputation. Overall I find that £250 compensation would be reasonable here.

professional indemnity cover

A few weeks after Mr S' conversation with Xbridge about the installation of turf, Mr S wanted to add professional indemnity cover to the policy. Xbridge's adviser explained that this covered advice, design or services that G might be negligent in providing. The adviser sought to establish that the cover would be suitable for G's business, and asked Mr S if G gave any advice or did any design work for clients. Mr S confirmed G didn't do any design work, but did give advice on drainage. The adviser explained that a professional indemnity claim could be payable if for example, G gave negligent advice on drainage, and this led to flooding and damage. Mr S agreed to take out the cover.

But Mr S thinks the professional indemnity cover was mis-sold, because when he made a claim to the insurer, the insurer said that the policy excluded supply and installation of materials.

Given that a large part of G's business involves supplying and installing materials, I do have some concerns about whether or not the professional indemnity cover was suitable for G. But as the policy does cover any loss resulting from negligent advice, and Mr S confirmed

that G does give advice to clients about, for example, drainage, I think it's probably reasonable to say the cover was suitable for G. I find that the adviser did properly explain what the policy covered and it was cover that Mr S wanted.

my final decision

My final decision is that I uphold this complaint in part. I require Xbridge Limited to pay £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 13 November 2015.

Chantelle Hurn-Ryan
ombudsman