

## **complaint**

Mr and Mrs K complained about the administration of their home insurance policy. They believed that Lloyds TSB Insurance Services Limited ("Lloyds") would undertake a review of their policy at each annual renewal so as to ensure they received the cheapest possible renewal premium. Mr and Mrs K are of the view that they suffered a significant financial loss as a result.

## **background**

Mr and Mrs K purchased their home insurance policy with Lloyds in 1997. They subsequently renewed their policy each year until 2011.

In April 2011, Mr and Mrs K received a letter from Lloyds advising them that Lloyds would now be administering their insurance policy. It also advised that it would search its panel of eleven insurers to ensure they received a competitive renewal premium.

Following receipt of this letter, Mr and Mrs K complained to Lloyds. They explained that it was their understanding that Lloyds had been administering their insurance policy since inception along with searching its panel of insurers for the cheapest premium at each annual renewal. Mr and Mrs K advised Lloyds that they had suffered a financial loss because Lloyds had not offered them a competitive premium at each renewal.

Lloyds acknowledged Mr and Mrs K's complaint and stated that, as a gesture of goodwill in order to bring the long standing dispute to a conclusion, they were offering Mr and Mrs K a sum which amounted 40% of the total premiums that they had paid from 1998-2011. Lloyds also awarded interest on the proposed payment at a rate of 8% per year making the total sum offered £4,366.12. In addition, Lloyds also offered to award £50 compensation in acknowledgement of any distress and inconvenience Mr and Mrs K may have incurred in pursuing the matter. Mr and Mrs K were not content with Lloyds' offer and so brought their complaint to this service.

Our adjudicator concluded that Mr and Mrs K's complaint should not be upheld. He felt Lloyds' proposed settlement offer was fair and reasonable as there was insufficient evidence available to conclude that Lloyds advised Mr and Mrs K at the point of sale that it would search a panel of insurers on their behalf at every renewal. Our adjudicator also concluded that there was no evidence that Lloyds had failed to offer Mr and Mrs K a competitive premium at every renewal.

Mr and Mrs K rejected our adjudicator's conclusion. Mr K maintained that Lloyds' actions were in breach of the Insurance Brokers Registration Council Code of Conduct because it did not act in their best interests to ensure they received competitive renewal premiums. Mr K also submitted that they had been misled about the size of Lloyds panel of insurers. Mr K explained that he thought a fairer settlement would be if Lloyds paid him and his wife a sum of £8236.47 (this was 75% of the total premiums he had paid, plus 8% simple interest plus £50). He explained that they had remained with Lloyds for so long because they thought that Lloyds was acting on their behalf and in their interest.

Our adjudicator considered the complaint further and advised Mr and Mrs K that there was no information available from the time the policy was sold in 1997 that would allow him to reasonably ascertain what had been discussed between them and the sales advisor. He also explained that he was content, having made enquiries of Lloyds, that it did not have the

facility to search a panel of insurers until 2010 (for existing customers). Once this facility was available, it invited them at their next renewal in 2011 to have their policy reassessed. Prior to the 2011 renewal it had been the responsibility of the policy underwriters to invite renewal and not Lloyds. Finally he concluded that prior to 2011 there was no evidence to suggest Mr and Mrs K's policy was being re-brokered annually or that Lloyds was responsible for administering the policy. Our adjudicator recommended that Mr and Mrs K accept what, in his opinion, was a generous settlement offer.

Mr and Mrs K replied to our adjudicator advising that they did not accept his conclusions. The complaint was therefore referred for an ombudsman's final decision.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

### *sale of home insurance policy*

There is insufficient evidence or information available which would permit me to reach any substantive conclusion that Lloyds was at fault when it made the sale. In making this statement I have noted what Lloyds advised in its letter to Mr and Mrs K in April 2012 where it stated that it had contacted the two underwriters concerned but that they advised that they had no records going back to the date they took the policy out in 1997. Lloyds has not been able to provide any information relating to the sale of the policy and, given that this was in 1997 and that there is a regulatory requirement to retain records for a period of six years only, I cannot conclude that the lack of contemporaneous documentation is unreasonable considering the passage of time that has elapsed.

I have noted Mr K's submission that Lloyds failed to fulfil its promise, made at the point of sale, to use a panel of insurers of a particular size and status (although he could not recollect the number exactly). I have also noted that Mr K has said that before purchasing the policy he discussed its panel of insurers in detail with a sales advisor. As there is no information available to me to confirm what Mr K was advised at the point of sale, it would be unreasonable of me to reach a conclusion that Lloyds was in some way at fault based solely on Mr K's recollections. Whilst I accept his submissions constitute evidence, on their own they are insufficient to allow me to fairly conclude that Lloyds acted inappropriately at the point of sale.

### *annual review/re-broking of the policy*

Lloyds advised that in 2009, it brought the administration of its home insurance policies in house. New customers who joined Lloyds in 2009 would have had their policy administered by Lloyds and re-assessed at the following renewal. Lloyds confirmed that in the latter part of 2010 it began re-assessing the home insurance policies of existing customers. As Mr and Mrs K's policy renewed in June each year, the first occasion on which their policy would have been reassessed was June 2011. Lloyds confirmed it undertook this reassessment in its letter to Mr and Mrs K in April 2011. From the available evidence, it appears that it was the responsibility of the policy underwriters to invite Mr and Mrs K to renew their insurance policies until 2011. I have seen Mr K's recent submission that the annual renewal packs they received were misleading.

I am unable to conclude from the available evidence that Lloyds had promised at the point of sale to undertake an annual review or annual re-broke of the policy. I am not of the view that the renewal packs (or covering letters) are misleading or implied that Lloyds would 'vet' the renewal. The small print at the bottom of the page clearly states the arrangement that is in place.

*insurance brokers registration council – code of conduct*

Mr K feels that Lloyds fundamentally breached the above code in its handling of the insurance policy. The IBRC ceased to function in 1998 and it has been explained to Mr K that irrespective of the IBRC code of conduct, the complaint has been considered in line with our own principles and the guidance offered by the FSA. These principles are broadly the same as the IBRC would have applied. Lloyds acted as broker at the initial sale point in 1997 but does not appear to have acted as broker again until 2011. I have seen no evidence that Lloyds held itself out as broker beyond the initial sale and thus am unable to conclude that there has been any breach of the IBRC Code of Conduct.

*settlement of complaint*

Mr and Mrs K do not believe Lloyds' settlement offer of £4,366.12 to be fair and reasonable. Mr and Mrs K believe it would be more reasonable for Lloyds to pay them 75% of the total premiums they had paid it from 1998-2011 (as opposed to basing the award on 40% of the premiums paid). Mr K's figure of 75% appears to be based on the difference between the last renewal premium offered by Lloyds and the cost of the new (cheaper) insurance policy they purchased. I cannot ignore that Lloyds' settlement offer is not based on any acknowledgement that it is at fault. It has been put forward as an equitable remedy to resolve the dispute. In the absence of my being able to reasonably conclude that Lloyds is in anyway at fault, I am not able to recommend that Lloyds should increase its offer. In the circumstances, it is my view that the offer is very generous. I recommend Mr and Mrs K accept Lloyd's offer.

**my final decision**

My final decision is that I do not uphold this complaint. I make no award against Lloyds Insurance Services Ltd.

Claire Woollerson  
**ombudsman**