

## The complaint

Mr S and Mr S complain that Allianz Business Services Limited failed to notify them of a potential change in premium in respect of their commercial policy when the tenant changed midway through the policy.

## What happened

About halfway through the term of his annual policy, which commenced in May 2020, Mr S's tenant moved out. He advertised for a new tenant, and when a prospective tenant proposed to take on a new tenancy, Mr S contacted Allianz to check whether it would continue insuring the premises. This was because the new tenant, who would be selling motorcycle parts and accessories, would be storing engine oil at the property. Allianz checked with the insurer and replied to Mr S that this would be alright, but that if he did go ahead with the new tenancy he would need to contact them to carry out a mid-term adjustment to note the change of tenant's details on the policy.

Mr S duly contacted Allianz again when he agreed a new tenancy. It processed the adjustment to the policy, but Mr S was shocked to find he had been charged a large increase in the premium - £695 over six months – effectively more than doubling the price of the policy. He complained that he hadn't been warned of a potential increase in premium and that if Allianz had done so, he wouldn't have proceeded with that tenant, as it wasn't cost effective for him to do so.

Allianz said that when it was contacted it was only asked about whether the insurer had any issues about the new tenant storing engine oil. It duly contacted the insurer and told Mr S it would be acceptable, but that it would have to contact him to change the policy to reflect the change of tenant. It accepted that Mr S wouldn't have known about the likely change of premium but pointed out that until the mid-term adjustment was done its agent wouldn't have known if and to what extent the premium would have been impacted.

On referral to this service our investigator said that Allianz had acted reasonably.

The matter has been passed to me for further consideration.

## 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.

I should emphasise that I am considering the actions of the broker rather than the insurer in this decision. I haven't considered whether the decision by the *insurer* to increase the premium is reasonable.

When Mr S contacted Allianz it was to enquire about his prospective new tenant and to specifically ask about whether the storage of engine oil by the tenant would affect the policy. He was told it wouldn't, and on that basis he went ahead with the new tenancy. He was

aware he would have to notify Allianz of the change and that the details of the tenant's line of work would have to be added to the policy.

I can understand that Mr S wouldn't have anticipated an increase in premium, especially such a large increase. There's no indication that Allianz made Mr S aware that there would be any increase in the premium. Although I appreciate this wasn't asked by Mr S, I have considered whether Allianz's position, as broker, was reasonable. The change in tenant is what appears to have led to the increase in premium, rather than the storage of engine oil. When Allianz talked to the insurer it said it wouldn't have asked any questions about that.

The policy schedule of May 2020 listed the details of the commercial tenant as:

*"Furniture Retailing  
Caravan Sales  
Used Car Sales  
Motor Repairers (Private Cars and CVs up to 7.5 Tonnes)"*

I understand that the new tenant sells motorcycle parts and accessories. It seems to me that the old business of motor repairers could quite easily have had engine oil in storage without being in breach of the terms of the policy. I don't think, until the notice of adjustment came through that the broker would have been expected to know that there would be any increase in premium. So I think it acted reasonably.

### **My final decision**

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mr S to accept or reject my decision before 21 July 2021.

Ray Lawley  
**Ombudsman**