

The complaint

Mr and Mrs B complain that a mistake by Kingfisher Insurance Services Limited left them without flood cover on their caravan holiday home insurance policy.

What happened

Mr and Mrs B own a static caravan which, for a number of years, they insured with insurer T. The policy they had with T included flood cover. That it did was very important for Mr and Mrs B given their holiday home was near a watercourse. In January 2020, Mr and Mrs B's policy was coming up for renewal so Mr B used some price comparison websites to see if he could obtain cheaper cover. It was important to him to make sure any policy he bought included cover for flood damage.

Mr B found a policy that included flood cover with insurer A which was sold and arranged by Kingfisher. Mr and Mrs B said they sought reassurance from Kingfisher over the telephone that the policy it was offering included flood cover and were reassured that it was. After experiencing some issues during the payment process on Kingfisher's website, Mr and Mrs B proceeded with the policy offered, paying the premium in full on 19 January 2021. They also declined the renewal offered by T.

Towards the end of February 2021, Mr and Mrs B received a letter from Kingfisher which said that due to a processing error, their policy hadn't included an endorsement. Kingfisher went on to say that A was unable to continue cover without the endorsement being added to the policy with immediate effect. The letter didn't mention what endorsement A had added but enclosed reissued policy documents. On page 5 of the reissued policy schedule beneath the heading '*Applicable Endorsements*' it stated: "*Flood – Flood Exclusion: Notwithstanding anything contained to the contrary in Your policy, loss or damage resulting from flood is excluded*". Kingfisher also said that if Mr and Mrs B wished to cancel their policy they could do so without a cancellation charge and would receive a pro rata refund of their premium.

Mr and Mrs B wrote to Kingfisher immediately to say that the withdrawal of flood cover was a major issue for them and one they could not accept. They said they had completed the policy application form in full, disclosing the location of the caravan. And they said they had accepted the terms offered by Kingfisher and relied on them when cancelling their policy with T. Mr and Mrs B said they had contacted T who had told them that had they renewed their existing policy then the benefit of flood cover would've continued but as they hadn't, they would now be treated as new customers and any new policies didn't include flood cover. Mr and Mrs B said to Kingfisher that through no fault of theirs, and solely as a result of Kingfisher's mistake, they now found themselves without flood cover and with no possibility of obtaining it again.

Kingfisher said it would look into matters for them but when they heard nothing further, Mr and Mrs B complained to this service in late June 2021. Having done so, it transpired that Kingfisher had, in fact, issued its final response letter on their complaint in late April 2021. Kingfisher said it had been told by A to add the endorsement and that it was unable to negotiate with insurers about what they would and wouldn't cover. It said that despite trying to secure a policy for Mr and Mrs B with an alternative insurer that included flood cover, it

had been unable to do so. Kingfisher explained that this was due to the number of claims in the area where the caravan was located. Kingfisher concluded by saying it was upholding Mr and Mrs B's complaint as it had been experiencing issues with its website which it was endeavouring to resolve.

Kingfisher said that due to the issues Mr and Mrs B had experienced with its website, the fact the initial policy documentation had been incorrect meaning an endorsement was added mid-term and the fact it had been unable to find them the cover they required elsewhere, it was returning their premium (£267.19) in full but leaving the policy in place for the remainder of the year.

Our investigator then looked into Mr and Mrs B's complaint. During his investigation, Kingfisher told him that prior to payment being taken links are provided to certain documents. It said that the Insurance Product Information Document available on its website stated that in some cases insurers applied endorsements to policies and, if any were to be applied, then they would be explained or displayed online before purchase and in the documentation after purchase. Kingfisher told us that it'd contacted Mr and Mrs B at the end of February 2021 to let them know that the endorsement was missing from their documents and enclosing updated versions. Finally, Kingfisher said that the refunded premium hadn't been issued in April 2021 (after its final response letter) and had only been issued in mid-October 2021. So, it said, it'd be adding interest at 8% simple a year because of the delay.

Our investigator issued his findings in late October 2021 but didn't recommend the complaint was upheld. He thought that Kingfisher had treated Mr and Mrs B fairly and reasonably by trying to find an alternative insurer and by refunding the full amount they had paid together with 8% simple interest.

Mr and Mrs B responded to our investigator to say that they disagreed with his conclusions. They said his findings had failed to address the fact they could no longer secure flood cover. They also said they failed to see how they could've been said to have been treated fairly or reasonably when they'd lost the benefit of their flood cover through no fault of their own and had received no redress aside from a refunded premium. They asked what they were to do without future flood cover. Finally they said they'd never received Kingfisher's final response letter from April 2021.

Our investigator looked at what Mr and Mrs B had said but wasn't persuaded to change his mind. He said that brokers like Kingfisher were generally unable to ask insurers to alter their terms of cover. As this was the case, he didn't think Kingfisher had done anything wrong by not negotiating terms with A. He said we did expect brokers to seek alternative insurers in situations like this and he was satisfied that Kingfisher had indeed tried to obtain a policy with flood cover but had been unable to do so. So he thought Kingfisher's offer to refund the premium with interest was fair in all the circumstances.

Mr and Mrs B continued to disagree with our investigator. They said the policy had been misrepresented to them and that Kingfisher was being 'let off the hook'. It said if Kingfisher had represented the actual position – that A couldn't have offered flood cover – then they'd have kept their old policy with T.

The complaint was passed to me and I issued a provisional decision in March 2022 recommending that the complaint was upheld. I made the following provisional findings:

"Kingfisher accepts that it made an error. Somewhere during the sales process the flood endorsement should've flagged up and it didn't. So a mistake was made and the actual terms of cover were misrepresented to Mr and Mrs B. Given the location of their caravan holiday home, the inclusion of flood cover was of extreme importance to them. So much so,

that on deciding they were going to proceed with Kingfisher's policy, Mr and Mrs B phoned it up just to check the cover definitely was included and were told that it was. And the policy documentation with which they were issued immediately after the sale made no mention that it wasn't.

If the endorsement had flagged up as it should then I'd be reaching a very different conclusion now, but it didn't. And Mr and Mrs B relied to their detriment on the assurances and information that they were given by Kingfisher. But for Kingfisher's mistake, Mr and Mrs B would've continued cover with T and retained protection for their home in the event it was damaged by a flood. Through no fault of their own however, they now find themselves without flood cover and no means of obtaining it either.

Despite reaching this conclusion this is not an easy situation for me to try to remedy for Mr and Mrs B. What they want, flood cover for their holiday caravan, isn't something I'm able to award. If the mistake they fell victim to had been made by an insurer then I could require it to include flood cover in its policy. But Kingfisher is an insurance intermediary – it arranges and administers insurance policies on behalf of insurers – it is not an insurer or an underwriter. It has no direct or indirect control over the terms of cover an insurer offers so I can't make it provide Mr and Mrs B with flood cover for their holiday caravan.

Whilst fortunately for Mr and Mrs B there has been no need to make a claim for flood damage, if there had been, I could've required Kingfisher to 'step into the shoes' of the insurer and settle (any valid) claim. But with no loss suffered, I can't require it to do this either.

What Mr and Mrs B have suffered though, and will continue to suffer, as a result of Kingfisher's error, is the worry of a potential future loss. And unfortunately for them, there is no insurance remedy that I can provide for that. But I can appreciate that Mr and Mrs B will be left with a significant amount of future worry for however long they continue to own their holiday caravan.

Where a financial business, through its words or deeds, causes avoidable distress and inconvenience to consumers this service can require it to pay them compensation. I think that the errors in Kingfisher's sales process (by failing to highlight the endorsement's existence which would've put Mr and Mrs B on notice not to proceed), that led to the mistake that Mr and Mrs B relied on to their detriment, has had a significant impact on them and caused them avoidable trouble and upset. But for Kingfisher's mistake, Mr and Mrs B would still have flood cover for their caravan.

I know that Mr and Mrs B have taken steps to minimise the impact of the mistake on them but without success. They have tried to find an insurer that will provide flood cover. And they have also approached their former insurer (T) which won't offer them cover on their old terms either. I can appreciate this has caused them some inconvenience, which was not of their own making.

I accept that Kingfisher has also tried to find alternative cover for Mr and Mrs B as well, also without success, and has acknowledged its error and offered to pay them compensation in the amount of the premium they paid for the policy year (with interest). But I don't think Kingfisher's compensation fairly and reasonably reflects the impact and distress of the ongoing worry Mr and Mrs B will experience, or the inconvenience the mistake has caused them. It's reasonable to assume that every time in the future there is a period of heavy rainfall, or an extreme weather event, their worry about the condition of their caravan holiday home will be exacerbated.

Taking all the circumstances of this complaint into account, I think that, in addition to the returned premium (£267.19) and interest (at 8% simple per year) that Kingfisher has already

offered Mr and Mrs B, it should pay them further compensation of £1,000. This is for the distress the ongoing worry of being without flood cover will cause them and for the inconvenience Kingfisher's error has caused. I think this additional award is a more fair and reasonable reflection of the trouble and upset Kingfisher's mistake has caused Mr and Mrs B – and will continue to cause them – and is more in line with awards made by this service in complaints with similar circumstances. I appreciate that my proposed award falls short of the remedy Mr and Mrs B truly seek but, for the reasons I've given above, I'm regrettably unable to do any more.

Finally, I know that Mr and Mrs B say they never received a copy of Kingfisher's April 2021 final response. I can see that it was correctly addressed but there are a number of reasons why it may not have been delivered. I appreciate that it must have been frustrating not to have received it but I've seen no evidence that this was the fault of Kingfisher."

Mr and Mrs B replied to my provisional decision and made the following comments:

- That they sought comparison quotes in January 2021 and not October 2020 as stated by me;
- That it was important to understand that Mr and Mrs B thought that Kingfisher was the insurer and it was its policy. It wasn't until they received the policy documentation that they realized that it was underwritten by A;
- They were unaware of the name 'Kingfisher' until they complained to this service. Their dealings had been with another entity 'S' which still implies on its website that the policy is its own and makes no mention that it is a broker;
- My provisional decision relies a lot on what a broker can and can't do but they weren't aware they were dealing with a broker;
- Kingfisher only spent a few hours trying to find them a policy with flood cover. They chased Kingfisher 3 times by email before contacting us so they couldn't accept that it ever wrote or sent them a final response letter dated April 2021. This was particularly the case as all their previous correspondence had been by email not post;
- This is further supported by the fact that Kingfisher never processed the refund it offered them in the April 2021 final response letter. If the final response had been written, why take so long to process the refund;
- This shows that the final response letter was only produced once a complaint was lodged with this service;
- That upon identifying that the premium had been refunded they weren't then told that the policy remained in place so they immediately assumed the policy was cancelled and that they needed to find an alternative policy;
- That whilst they appreciate the compensation I proposed, and it goes some way to recognizing their frustration, it isn't enough to fully compensate them for the ongoing worry of being without flood cover.

Kingfisher replied to my provisional decision, providing some further evidence and making the following comments:

- It attached recordings of the calls between it and Mr B and said there were none where Mr B had queried the inclusion of flood cover in the policy or where it had told him it was included;
- The calls were to discuss payment issues but if flood cover was so vital they were an opportunity for Mr B to check it definitely was included;
- It wanted to know if I'd checked whether Mr and Mrs B's previous insurer T included flood cover and, if so, what the premium was;
- It said if T was offering to renew with a 'loaded' premium to take the flood risk into account, yet Mr and Mrs B still switched policies, then it was only reasonable for me to

- take this fact into account;
- It too pointed out that I'd said Mr and Mrs B's policy was coming up for renewal in October but that they didn't take a policy out until January 2021 – it wanted to know why there was a gap in cover.

The complaint was returned to me for a decision.

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 accept that Mr and Mrs B sought price comparison quotes for their policy in January 2021 and not October 2020. That means there is no gap in cover.

I appreciate that Mr and Mrs B say that they dealt with another entity 'S' throughout the time they had the policy. But S is a trading name of Kingfisher so it is Kingfisher against whom the complaint must be made. Any reference to Kingfisher should be taken to include a reference to S as well.

Whilst Mr and Mrs B thought that Kingfisher was an insurer, and that they say they had no idea they were dealing with a broker, I can see from the policy booklet that they were provided with at the point of sale that it states that Kingfisher was a trading name of (another entity) V that acts on behalf of insurers to administer and issue policies. The word 'insurers' is specifically defined in the policy terms as meaning A. I can also see that they were provided with Kingfisher's terms of business which state that it is an insurance intermediary providing advice on a range of insurance products selected from a panel of insurers. So I think that Kingfisher/S/V provided Mr and Mrs B with enough information for them to be aware they were not dealing with an insurer but rather with an intermediary/broker.

Whilst I've noted Mr and Mrs B's comments about the final response letter they repeat their previous comments which were considered by me provisionally, so they haven't persuaded me to alter my provisional findings about this aspect of their complaint. There is no evidence that Kingfisher only wrote the final response letter (and backdated it) once Mr and Mrs B complained to this service. So, whilst I appreciate Mr and Mrs B's strength of feeling about this issue, I've not been persuaded to change my mind. I should also state that complaints about complaint handling aren't within this service's jurisdiction in any event.

Kingfisher has admitted that it made an error in processing the refund of Mr and Mrs B's premium for which it will compensate them for delaying payment by adding interest at the rate usually applied by this service of 8% simple per year. I know that Mr and Mrs B say that when they received the refund from Kingfisher they automatically thought that their policy was also being cancelled meaning they had to rush to find alternative cover. However, I can see that the final response letter states that the policy is not cancelled. I know that Mr and Mrs B say they never received it, and that is unfortunate. But, as I said provisionally, it was correctly addressed and there may be a number of reasons why it was not received. And I haven't seen that Kingfisher knew, or should reasonably have suspected, that it hadn't been. So I can't reasonably say Kingfisher did anything wrong by not contacting Mr and Mrs B further in October 2021 when it made the refund in order to confirm that the policy remained in force. That's because it thought it had already done so in its final response letter.

So, to summarise, whilst I've thought about the comments Mr and Mrs B made in response to my provisional decision, they haven't persuaded me to change my mind.

I've listened to the phone call recordings that Kingfisher sent us and I agree that none of them includes a discussion about flood cover. It is entirely possible that there were other calls where (for whatever reason) no recording was made but I accept that *these* recordings don't involve any discussion of flood cover.

Even accepting Kingfisher's point, which is that it believes Mr and Mrs B never phoned it to discuss flood cover, I'm still not persuaded to change my mind about this aspect of their complaint. That's because Mr and Mrs B should've been told by Kingfisher during the sales process that the policy didn't include flood cover. They should've been told that whether they asked a direct question about it or not. Without the information that the policy would contain a flood endorsement they were unable to make an informed choice at the point of sale about whether, taking into account all relevant aspects including the premium price along with the extent of cover, this policy was suitable for them. Nothing was flagged to them by Kingfisher during the sales process to put them on notice. Whether Mr B phoned Kingfisher or not to discuss flood cover doesn't alter the fact that incorrect and/or insufficient information was provided and relied upon to Mr and Mrs B's detriment.

T has provided us with a copy of Mr and Mrs B's policy schedule from January 2020 along with the renewal terms offered in January 2021 (but not taken up). Both included flood cover with a flood endorsement. In 2020 that was a £500 policy excess for any flood claim and in 2021 a £1,000 policy excess for any flood claim. The premium also increased by around 50% in 2021. So I can see why Mr and Mrs B would've decided to shop around. But they have told us that they would've remained with T if it'd been made clear to them by Kingfisher during the sales process that its policy excluded flood cover. So the price offered by T in 2021, whilst higher, was still acceptable to Mr and Mrs B because it included cover for flood. That's reinforced by the fact that they contacted T and asked if it could reinstate their former policy once they were notified about Kingfisher's endorsement.

So I have taken the premium into account when reaching my decision and I'm not persuaded that the one offered by T was unacceptable for Mr and Mrs B and that they would've chosen Kingfisher's policy regardless. Given the choice between paying £267.19 without flood cover for the Kingfisher policy or £604.59 with flood cover for T's policy, I'm persuaded from what Mr and Mrs B have said throughout the course of their complaint, that they would've chosen the latter.

So, I've not been persuaded by any of the comments made by Kingfisher to change my mind about this complaint. My provisional findings, along with my comments in reply to the parties' responses, now form part of this, my final decision.

Putting things right

In addition to the returned premium (£267.19) and interest (at 8% simple per year) that Kingfisher has already offered Mr and Mrs B, it should pay them further compensation of £1,000. This is for the distress the ongoing worry of being without flood cover will cause them and for the inconvenience Kingfisher's error has caused. I think this additional award is a more fair and reasonable reflection of the trouble and upset Kingfisher's mistake has caused Mr and Mrs B – and will continue to cause them – and is more in line with awards made by this service in complaints with similar circumstances.

My final decision

My provisional decision is that I uphold this complaint and require Kingfisher Insurance Services Limited to take the steps I've set out above under the '*putting things right*' section of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 29 April 2022.

Claire Woollerson
Ombudsman