

## **The complaint**

Mrs W has complained about her second home, insurance broker Thatched Owners Insurance Services Limited (TOIS).

Mrs W has made TOIS aware of a number of concerns. Some of those were previously brought to this service as a complaint. That complaint was answered by an Ombudsman's decision in September 2023. Issues dealt with in that decision won't be considered again.

This complaint considers Mrs W's concern that TOIS erred by removing cover for contents from her policy (in around 2015). She's also unhappy that TOIS did not tell her about commission it receives from the insurer for placing her on cover.

It is further the case that Mrs W is unhappy about the level of cover she had for contents items, that personal possessions cover was refused to her and that TOIS was acting, when renewing her policy, as an agent of the insurer. Mrs W's complaint about these points will be considered by me in a complaint against the insurer.

## **What happened**

Mrs W arranged cover via TOIS, at least since 2013. In 2021 the policy was due to renew and documents were sent to Mrs W. She spoke with TOIS, it then sent her a proposal form to complete. On return to it, it noticed Mrs W had asked for contents cover to be included. This was added. But Mrs W felt she should have had, or did have, this previously and that she had never asked for it to be removed. She also became aware that TOIS earned a commission from her premium. When she asked it about this, it shared with her the details of commission received. Mrs W felt TOIS should have told her about commission before.

TOIS told Mrs W that, dating back to 2015, contents cover had not been provided. It wasn't persuaded it had made a mistake in this respect. Regarding commission, it said detail was and always had been available upon request.

Mrs W complained to the Financial Ombudsman Service.

Our Investigator wasn't sure why there had been no cover for contents in 2021. He explained though, that even if this was because TOIS had made an error in 2015, he didn't think that had materially affected Mrs W. In respect of commission, he felt TOIS had reasonably drawn the fact of commission to Mrs W's attention and also that the amount of commission was reasonable given the work it does (and reasonably needs to be remunerated for somehow). So he did not uphold the complaint.

Mrs W was unhappy with the outcome. She said she wanted her complaints considering holistically, and she went over all of her concerns afresh, including those about the previous final decisions issued on the previous complaints. She said her complaints had been split, with this current complaint being raised at our insistence, and yet nothing had been achieved because this complaint hadn't been upheld. She didn't comment specifically on our Investigator's findings issued on this current complaint.

The complaint was referred for an Ombudsman's 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.

#### Scope of this complaint

I appreciate that Mrs W is frustrated and upset. I understand that she's suffered a massive loss and been through a traumatic experience. I can see that, with all of the complexities of the situation and the insurance contracts, all of this, for her, is really one issue. So I can understand why she would want a holistic review and would be further frustrated by parts of her complaint being split across different complaint references.

However, this Service can only consider complaints in certain circumstances, and only against certain respondent businesses. So when Mrs W made her first complaint to this Service – that had to be split because her concerns reflected the activity of two separate respondent businesses. And once those complaints were being dealt with, new points couldn't be added. So the further concerns Mrs W raised, as our Investigator has explained, had to be set up as new complaints, with new references. I say "complaints" plural because, again, the specific points of concern Mrs W has raised, relate to the activities or liabilities of two separate respondent businesses.

Organizing complaints like this is part of our normal administrative duties, undertaken to manage our complaints. When we carry out that administration, we can't know what the outcome will be for any new complaints we have to set up. All we can do is consider the complaint which is in front of us – and that is what I've done here regarding Mrs W's concerns about 'missing' contents cover and commission.

#### Contents cover

Detail from TOIS suggests that cover may have been removed for contents in 2015 by it acting in its role as the insurer's agent. Mrs W is not convinced that is what happened, she thinks TOIS made an error. As the situation is not clear, I've considered the matter as though TOIS, acting in its own right, made an error.

Both parties seem to agree that, as of 2015 at least, there was no cover on the policy for contents, although Mrs W did not notice this until 2021. After 2015 the policy renewed each year with policy documents being sent to Mrs W for review to check cover met her needs. Mrs W had no loss in the years after 2015 regarding contents. In 2021 Mrs W became aware that there was no contents cover, and cover for £10,000, which Mrs W agreed was a suitable sum, was added. Adding contents back on to the policy, reasonably resolved any error which might have occurred causing it to previously be removed. And Mrs W had had no loss on account of that error in the interceding years.

I'm satisfied that if TOIS made an error, that was reasonably resolved. I'm also satisfied that Mrs W had no loss on account of the error. Which means there is nothing which I need to, or can reasonably, apply a remedy for.

#### Commission

I note the cover is specialist in nature, given the roof of the property and that it is used as a second/holiday home. It's often the case that cover like this has to be sourced via brokers. It isn't unusual for brokers to sometimes earn commission in respect of the policies they arrange. If a broker does not earn money via commission, or sometimes even if it does, it will charge its clients a fee for the work it does. A broker is a business, it provides a service for its customers, it is not unreasonable that it gets paid for doing that.

But, like any financial business, a broker has to treat its clients fairly and reasonably. That involves giving them enough information – which is clear, fair and not misleading – so that they can make an informed decision about their cover. The industry guidelines say that a broker, earning commission, has to tell its client that it does so. Also that it has to tell them that, upon request, it will give them details about the commission earned. Finally, any commission earned has to be fair, meaning that the level of commission shouldn't exceed fair remuneration for the work it does.

I've reviewed TOIS's terms of business. This is not a particularly lengthy document, being two pages in total. It sets out under the heading "**Charges/Fees**" on the second page, how TOIS will be paid for the service it is providing. The terms say: "*our remuneration may be a fee agreed with you or from commission paid to us by insurers based on the amount they charge you*". Mrs W wasn't charged and didn't agree to a fee. So I'm satisfied that TOIS reasonably put her on notice that it would receive commission from insurers for arranging her cover.

The terms continue to explain that: "*You are entitled, at any time, to request information regarding any commission*". I note that when Mrs W did request detail of commission, TOIS gave this to her. I'm satisfied it treated her fairly in this respect.

I've reviewed the details of commission earned by TOIS. Detail about commission is commercially sensitive which means I can't get into the specifics of it. But the level of commission, broadly speaking, isn't what this Service would likely automatically think of as unreasonable. And I've seen details of the work TOIS does. I can't reasonably set all of that out here, but it includes things like completing checks about major insurance events such as flood and subsidence, as well as ensuring all relevant certificates – necessary given the specific property type in question – are in place. I'm satisfied the value of commission is fair, being generally proportionate to the work undertaken.

Having reviewed Mrs W's commission concerns, for the reasons set out above, I'm satisfied TOIS has acted fairly and reasonably. I'm not going to require it to return any commission payments to Mrs W.

### **My final decision**

I don't uphold this complaint. I don't make any award against Thatched Owners Insurance Services Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 25 December 2024.

Fiona Robinson  
**Ombudsman**