

Overcharging for insurance policies on leasehold blocks of flats

Letters from MPs and members of the public referred us to specific instances where leaseholders were in dispute about the level of insurance premiums being charged and how this may have been higher than that being quoted by the insurance company. This prompted us to investigate whether regulated insurance intermediary firms are overcharging leaseholders for insurance policies on leasehold blocks of flats.

Our investigations into this area focused only on sales of insurance policies that took place after the date we started to regulate this market (January 2005). We contacted several trade bodies and consumer groups about this practice to see how widely reported a problem this might be across the UK. None of these organisations could provide us with evidence that this practice is widespread, but some were aware of instances of this happening prior to regulation.

Given our findings, we have concluded that, as a proportional and risk-based regulator, it would not be appropriate for us to undertake further general work in this area at this time. However, we will of course continue to consider seriously any information we receive on this topic about specific firms.