

Multi-occupancy building insurance: Latest tribunal decision

27 June 2024  Olivia Jay

The Word readers will be aware of the FCA's recent intervention into multi-occupancy buildings arrangements, which culminated in FCA Policy Statement PS23/14 ([PS23/14: Multi-occupancy building insurance: Feedback to CP23/8 and final rules \(fca.org.uk\)](#)) (the MOBI Regs).

The MOBI Regs sought to address perceived issues over fair value, conflicts of interest, and opaque sales practices, which in some cases saw leaseholders being contractually obliged to pay towards property premiums, which were uncompetitively high.

A recent First-Tier Tribunal Property Chamber decision

In a recent First-Tier Tribunal Property Chamber decision, the Tribunal found that E&J Estates, a company that manages over 1600 buildings across the UK, overcharged leaseholders in flats at Hollins Court Bank in Blackburn for four years. The total [insurance policy](#) costs for the building amounted to approximately £27,000 per year from 2021 to 2023. The leaseholders argued that these costs were unreasonable and that the premiums were inflated. They claimed that an alternative insurer would cover the building for only £12,000 per year. Despite two professional witnesses making their case for the defence, the tribunal found their evidence to be lacking credibility; stating that it was contradictory and lacking transparency.

The Tribunal agreed that the leaseholders had been overcharged. The Tribunal also found that there were a number of conflicts of interest, owing to various personal connections between directors of the brokers, and those of the captive through which the insurance was placed.

What the decision means for leaseholders and insurers

This decision shows that not only is the FCA looking closely at insurance arrangements for multi-occupancy properties, but so are the Tribunals. It is also clear that the Tribunals will carefully consider the arrangements between the various parties, and the amount of the premium being charged (and ultimately paid by the leaseholders). Those involved in the distribution of such policies should be mindful of the ever-increasing scrutiny and ensure that all arrangements are transparent, provide fair value, and take account of the interests of the leaseholders.

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