

The complaint

Mr and Mrs E are unhappy with the cover provided by their landlord home emergency policy with BIG Warranties Ltd ('BIG').

What happened

In December 2018 Mr and Mrs E took out home emergency and boiler cover with BIG to cover two properties. It's accepted by both parties to this complaint that they were told at the time of sale the policy covered both emergency and non-emergency issues with the boilers at the properties on risk.

In March 2019 Mr E called to claim on the policy for one of his properties. The boiler had a leak and a resulting low water flow problem. The claim was accepted for the leak, but declined for the water flow issue, as this wasn't an emergency. At this time BIG explained it had incorrectly told Mr E he had cover for non-emergency issues. It explained the policy is for emergency use only. BIG offered Mr E a partial refund of the premiums he'd paid and he was still able to claim for the leak.

Mr E declined BIG's offer. He explained the water flow issue had cost him much more than he paid in premiums. He wanted the full cost of fixing the water level issue paid as well as his premiums refunded. BIG offered to increase the compensation by £50 to account for the mis-advice and refund all his premiums for this part of the policy, but it wouldn't cover both claims. So Mr and Mrs E brought their complaint to our service.

Our investigator awarded Mr and Mrs E an additional £100 in compensation but she didn't agree the non-emergency claim should be covered. In response to her view BIG agreed with the £100 and also offered Mr and Mrs E an additional £42.96 – meaning they would've now paid nothing towards the policy despite their successful claim for the leak. BIG explained that Mr and Mrs E had paid a total of £150.36 for the policy, but BIG had awarded them £643.96 including the refund of what had been paid. Mr and Mrs E didn't accept this so the complaint has been passed to me for a decision.

I issued a provisional decision on this complaint in March 2020. I set out that I'd considered what Mr and Mrs E would've done if they'd received the correct information from BIG. Considering they had previous cover elsewhere, they're landlords and are responsible for the up-keep of other properties, I was satisfied that if BIG had given them the correct information they would've gone on to buy cover elsewhere that did meet their needs.

I set out that Mr and Mrs E had asked for a full refund of their premiums (on their complaint form to us) and also to be covered for both their claims. But I couldn't agree this was a fair remedy. If things had gone as they should have, they would've taken out cover elsewhere – so they would've always paid out for premiums. I didn't consider there was a situation where they could've obtained cover for free, so I said I wouldn't be putting them in that position now.

However I accepted they would've bought cover for both emergency and non-emergency situations. Mr E explained about the cover they previously held and I looked to see what this provider offered. They would've been able to obtain cover for non-emergency issues with their boiler – and considering the conversation when this policy was sold, I thought Mr E was looking for comparable cover. So I thought BIG needed to cover the cost of the non-emergency work to the boiler, as it's misinformation put Mr and Mrs E in a situation where they were not covered for boiler repairs that they would've otherwise been.

I set out that I was intending for BIG to cover the cost of both claims, but that it could deduct the premiums it had refunded Mr and Mrs E from this amount – as they would've had to pay to get this cover. I said I thought £100 should still be awarded considering the inconvenience they'd suffered by not technically being covered and having to seek new cover. I said Mr E should provide the quotes he obtained for the non-emergency work to his boiler and that BIG should average the quotes and pay this amount.

In response to my provisional decision Mr and Mrs E accepted the outcome, but said they didn't recall asking for a refund and the claims covered – they just wanted the claims covered. They provided the quotes and these were sent to BIG for review.

BIG reviewed the quotes and responded with an offer. It said it had already paid the first claim in full, so it was just the second claim and £50 of the compensation that was outstanding. It didn't consider that Mr E or BIG would have paid the more expensive quote when a cheaper one was available. So it proposed to pay the remaining compensation and the cheaper quote, deducting the premium refund it had already paid.

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.

As both parties have accepted the outcome, I don't consider I need to change the findings I set out in my provisional decision. So, for the reasons set out in my provisional decision and summarised above, as I consider Mr and Mrs E would have obtained emergency and non-emergency cover elsewhere if BIG had provided the correct information, I consider BIG should also cover the cost of their non-emergency claim.

What is left to decide is what BIG should do to put things right. I've considered what it has proposed in relation to the quotes. However I still maintain that paying the average cost of both quotes is a fair resolution in this case.

While I appreciate BIG's point about someone wanting to get the best value for money when they hire a tradesman, this isn't the only factor to consider. When hiring a tradesman I would expect the average consumer to think about more than just cost, so things like the quality of work, previous reviews, availability etc. So it is possible that while one of the quotes was more expensive, Mr E may have still chosen to go with this tradesman instead – especially as the boiler was in a property Mr and Mrs E rented out. As we can't know what would've happened now, I still consider an average is the fairest way to settle this case.

Putting things right

BIG Warranties Ltd ('BIG') should:

1. - Work out the average cost of the non-emergency repair, using the two quotes Mr E has supplied;
 - Reduce this figure by the amount of premiums BIG has already refunded Mr and Mrs E;
 - Pay Mr and Mrs E the remaining amount
2. Pay total compensation of £100 for inconvenience, less what's already been paid

My final decision

I uphold Mr and Mrs E's complaint against BIG Warranties Ltd.

BIG Warranties Ltd should arrange for payment of the amount set out above within 28 days of receiving notice of Mr and Mrs E's acceptance of this decision.

Mr and Mrs E should note that if they accept my decision, it will be legally binding on all parties and they probably then wouldn't be able to take legal action over this matter for additional compensation. If, however, they reject the decision, although their legal rights will remain intact, it'll be purely a matter between them and BIG Warranties Ltd as to whether the above redress is available.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs E to accept or reject my decision before 13 May 2020.

Amy Osborne
Ombudsman