

The complaint

Mr and Mrs B complain that Acasta European Insurance Company Limited turned down their guarantee protection insurance claim.

I'll refer to Acasta and any parties acting on its behalf as 'Acasta'.

What happened

In April 2018, Mr and Mrs B had a roof installed on their conservatory by a company that I'll call 'N'.

N gave Mr and Mrs B a ten-year insurance-backed guarantee, which provided cover for repairs if it stopped trading. That guarantee was underwritten by Acasta.

Shortly after the roof had been installed, it started leaking. Mr and Mrs B advised N of this, and repairs were carried out in May 2018.

Then in March 2019, the roof started leaking again. Mr and Mrs B again advised N of this. However, N didn't carry out further repairs, and then went into liquidation in June 2019.

Mr and Mrs B made a claim under the policy on 27 June 2019. Acasta turned down the claim because it said the problem first happened in 2018, and Mr and Mrs B were required under the policy to notify it of faults within 30 days of occurrence. Unhappy with this, Mr and Mrs B brought a complaint to this service. They paid for the repairs to the roof themselves.

I issued a provisional decision on 17 December 2020. Here's what I said:

"The policy says:

"In the event of the supplier of the items under guarantee being unable to undertake any necessary remedial works under the terms of its own long term guarantee due to cessation of trading, Insurers will indemnify the holder of the Insured Guarantee for the cost of such work, providing that (a) [Acasta] has been notified within 30 days of the fault first occurring..."

The registration form (that I understand was signed by Mr B and returned to Acasta) says:

"I understand that my guarantee insurance is intended to deliver the benefits of my supplier's guarantee in the event that my supplier ceases to trade, and that therefore the insurance should only apply in respect of faults or matters of which I become aware after my supplier has ceased to trade. Until such time, I should obtain redress from my supplier under the terms of the supplier's guarantee as soon as I am able."

I do sympathise with Mr and Mrs B. However, I'm satisfied that the intention of the policy was to provide cover if remedial works were found to be needed after N stopped trading.

Before such time, any repair works were the responsibility of N.

Since the fault with the conservatory roof was found before N stopped trading, that meant that N was responsible for putting it right. N chose not to do the repairs, but that wasn't because it had ceased trading. It was still trading until June 2019.

Once Mr and Mrs B learnt that N had stopped trading, as repair work was outstanding, I assume they ought to have contacted the liquidator to put in a claim for compensation.

Whilst I recognise my decision will disappoint Mr and Mrs B, I'm satisfied Acasta was correct to turn down the claim."

I asked both parties to provide any further comments they wished to make before I reached a final decision.

Mr and Mrs B responded to say that, whilst they were disappointed with my decision, they understood the reasoning behind it based on the policy wording. They said that with hindsight, N's advertising of the guarantee was misleading.

Acasta didn't provide any further comments, and the deadline has now passed.

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.

Though as neither party has provided any new comments, I remain satisfied that Acasta was correct to turn down the claim, and for the same reasons as set out in my provisional decision.

Mr and Mrs B have said they think N's advertising of the guarantee was misleading, though that isn't something I can comment on.

My final decision

My final decision is that I don't uphold this complaint.

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 10 February 2021.

Chantelle Hurn-Ryan
Ombudsman