

The complaint

Mr M complains about AmTrust Europe Limited (AmTrust), who cancelled his home emergency policy without discussion.

What happened

Mr M had a home emergency policy with AmTrust which amongst other things covered him for boiler breakdowns. Mr M's boiler broke down and he contacted AmTrust. It sent three engineers who all gave differing information as to what the issue was with his boiler. AmTrust took around 24 days to decide that the fault wasn't covered.

Mr M complained about this and the poor service he received, namely that he had to chase AmTrust, he'd lost confidence in its diagnosis of the issue with his boiler, that it had cancelled his policy without Mr M requesting the same and that he had been given incorrect information regarding AmTrust's customer guarantee.

Mr M said that due to AmTrust's slow response, his boiler became progressively worse and he lost total heating and hot water. This resulted in him and his family moving out of their home due to the cold weather at the time.

In its final response, AmTrust accepted that there had been customer service failings. It refunded Mr M's premium payments for that year (£150.87). It also apologised for the incorrect information it gave, regarding the customer guarantee and said that because sludge was found in the system, this wasn't covered. So, it cancelled his policy claiming to have been acting on the instructions from Mr M.

Mr M wasn't happy with this outcome, not least as he hadn't given any instructions for AmTrust to cancel his policy. But also, because he had to get a third-party engineer to assess his system and as it had become so bad, it needed to be replaced at a total cost of £2637. Consequently, Mr M referred a complaint to our service.

One of our investigators considered the complaint and thought that it should be upheld. His view was that the main issue was the time it took AmTrust to diagnose the fault with Mr M's boiler. Which ultimately meant that Mr M had to move out of his home with his family. He recommended that AmTrust pay £350 compensation (in addition to the £150.87 already refunded) for the poor customer service issues and because of the disruption.

Mr M accepted the view. AmTrust didn't. It said it would offer a further £150 as sludge wasn't covered under the policy and the refund that it had already paid, wasn't the usual process. Further, Mr M wasn't without heating and hot water for the entire period. It said that if its offer wasn't acceptable, then to refer the complaint to an ombudsman. Mr M didn't accept the offer, so it's been referred to me.

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.

Having done so, I will uphold this complaint. I hope my findings go some way in explaining why I've reached this decision.

Mr M held a home emergency policy with AmTrust, which covered his boiler and heating system for issues that might arise. The main issues of this complaint are whether AmTrust ought to have diagnosed the issue with Mr M's boiler sooner and whether the compensation of an additional £150 offered, is fair in the circumstances.

Mr M reported to AmTrust that he was experiencing intermittent loss of hot water. AmTrust sent the first engineer who carried out a repair and said that the boiler was correctly functioning. However, shortly after, Mr M experienced the same loss of hot water and contacted AmTrust again.

It sent a second engineer who diagnosed that a plumbing engineer was required. Mr M contacted a third-party engineer to have a look. He diagnosed that the fault wasn't a plumbing issue, so Mr M contacted AmTrust again. A few days later it sent a third engineer who then diagnosed that the boiler had sludge.

Having reviewed the call out history and given that the correct diagnosis was provided by the third engineer sent to Mr M, I think it would've been reasonable for AmTrust to have correctly diagnosed the fault with Mr M's boiler sooner and I'll explain why.

The first engineer who attended replaced a part in the boiler, but this didn't rectify the issue. I can see no evidence of whether he checked for the presence of sludge, during that visit.

The second engineer found no fault with the boiler and advised that it was a plumbing issue. Mr M had to instruct an independent engineer who advised him that it was a boiler issue. It wasn't until the third engineer sent by AmTrust who eventually found the problem to be sludge in the system.

Mr M accepted that the presence of sludge in the system, wasn't covered by his policy, so any damage caused to the boiler wouldn't be AmTrust's responsibility.

But I think that sludge is a common issue with boilers and one that an engineer ought to have been able to diagnose. And for this reason, I think that AmTrust should've been able to identify the issue with Mr M's boiler much sooner.

Mr M said that because AmTrust's failure to correctly identify the fault with his boiler earlier, later led to him and his family moving out of their home due to the cold weather at the time. But by the time this had happened, AmTrust had already told Mr M what was wrong with this boiler. I understand that sludge takes a long time to build up and I think that it would be unlikely that the delay in correctly identifying what was wrong with the boiler sooner, ultimately caused it to completely breakdown.

In addition, If AmTrust had correctly identified the fault by the second engineer visit, then its involvement with Mr M's boiler would have ended. Mr M would've then had to take on the responsibility to either repair or replace the boiler.

AmTrust said that Mr M wasn't without hot water and heating for the entire period. I have had a look at this and thought about what loss Mr M suffered because of the delayed diagnosis.

From the date that Mr M first reported the fault until it was correctly diagnosed there was just over three weeks without proper utilities. The issue here is had AmTrust correctly diagnosed the fault by at least the second engineer visit, it would've likely have said that it would not be covered. And looking at the terms and conditions of the policy, I think that would've likely have been the end of its involvement in the claim. So, Mr M would've either had to pay for a repair of his boiler or (as he eventually did) replace it. And its possible, that Mr M could likely have had the inconvenience of no heating.

Accordingly, I think the loss that Mr M suffered was the intermittent loss of hot water over the three-week period. The loss of heating occurred later and after the diagnosis of the sludge in the system. In addition, the disruption of moving out occurred after AmTrust correctly identified the fault with Mr M's boiler. So, I bear all of this in mind when considering compensation.

AmTrust accepted and apologised for the customer service failings. Mr M describes having to chase AmTrust (despite being promised call backs), being given incorrect information about the customer guarantee, that he had lost confidence in AmTrust's diagnosis of the boiler fault, especially as he had to call a third-party plumber based on AmTrust's misdiagnosis and AmTrust cancelling his policy without instruction from Mr M.

For these failings, AmTrust refunded the policy payments of £150.87 by way of compensation. But having looked at the terms and conditions of the policy, AmTrust would've had to have refunded this amount anyway, as it could no longer provide cover for the boiler as sludge was found. So, I don't think that Mr M has been compensated for the distress and inconvenience caused.

Putting things right

Given the customer service failings and that Mr M was without a full hot water supply for around three weeks, I think its fair and reasonable to conclude that Mr M would've been inconvenienced by this. I also think it's fair and reasonable for AmTrust to compensate him for this. So, taking all of this into consideration and to put matters right, I think a further £350 for the inconvenience caused is fair.

My final decision

For the reasons given, I uphold Mr M's complaint.

To put matters right, AmTrust Europe Limited to:

Pay compensation of an additional £350 for the trouble and upset caused.

AmTrust Europe Limited must pay the compensation within 28 days of the date on which we tell it Mr M accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

If AmTrust Europe Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mr M a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or

reject my decision before 19 October 2021.

Ayisha Savage
Ombudsman