

The complaint

Mr B complains about Acasta European Insurance Company Limited (Acasta) under his guarantee insurance policy. He believes Acasta unfairly declined a claim because he hadn't obtained a separate installer guarantee from the contractor that replaced his roof.

In this decision reference is made to Acasta as the insurer underwriting the policy. An administrator acted for Acasta in respect of the policy, together with an appointed representative of the administrator that assessed claims made under the policy. References to Acasta include both the administrator and the appointed representative.

What happened

In June 2018, following a quotation from a contractor (S) Mr B had a replacement roof installed at his property. The quotation included reference to it being inclusive of a 10-year insurance-backed guarantee. On completion of the work Mr B completed a registration form and returned it to Acasta. Mr B received an email from Acasta confirming receipt of the form and registration of the policy.

In August 2020 Mr B discovered a leak in the roof. Mr B completed a claim form under the policy and returned it to Acasta. Acasta declined the claim because Mr B hadn't provided them with an installer guarantee from S. Mr B was unhappy at the decline of his claim and complained to Acasta. Mr B said that at no point during his completion of the registration form had he been asked to provide an installer guarantee. S had ceased trading since completion of the work on the roof, so Mr B wasn't able to obtain an installer guarantee. Acasta rejected Mr B's complaint. In their final response letter of September 2020, they stated that as S hadn't provided Mr B with an installer guarantee they weren't able to cover Mr B under their guarantee insurance policy, as the purpose of the policy was to mirror the installer guarantee.

Mr B was unhappy at his complaint being rejected and complained to this service. He said he hadn't known about the requirement to obtain an installer guarantee and hadn't been asked for one at the time the policy was registered. Mr B also thought it was unfair to only make the requirement known when a claim was made, and that the policy was effectively worthless without the installer guarantee. Mr B asked that his roof should be repaired under the policy, at no cost to him. Mr B said he obtained a completion certificate from his local council in respect of the roof. He also said a roofing industry trade body told him he didn't need an installer guarantee. Mr B also asked that it should be made clear to consumers that an installer guarantee was required at the time of policy registration.

Our investigator upheld Mr B's complaint. The investigator concluded that while Acasta confirmed their policy was designed to mirror the installer guarantee and without it they couldn't determine if the defect with Mr B's roof was covered, it wasn't fair for Acasta to say that Mr B should have to show what's covered. The investigator also concluded that Acasta should have known what the installer guarantee would have covered, so Mr B's claim should be dealt with as Mr B had expected it to be under the policy. The investigator said this should include any consequential losses (damage) from the leaking roof in the time since the decline of his claim.

Acasta disagreed with the investigator's conclusions and requested an ombudsman review the complaint. Acasta said that if a customer hadn't been issued with an installer's guarantee then that was a failing by the installer and there was nothing for Acasta's guarantee to cover.

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.

My role here is to decide whether Acasta has acted fairly towards Mr B.

The main element of Mr B's complaint is that he wasn't made aware of the requirement for an installer guarantee from S, at the time that he took out his policy with Acasta.

Mr B has said that having returned the registration forms to Acasta and then receiving confirmation of the insurance backed guarantee policy from Acasta, there was no indication that a separate installer guarantee from S was required. I've looked at the email from Acasta confirming that his registration forms had been received and registered. I note it says that *"...there is no further documentation that we need to send to you as the Guarantee Insurance certificate is incorporated within the original document."* While this doesn't mean that (as Mr B understood it) Acasta didn't need any further documentation (as the email refers to documentation that Acasta needs to send to Mr B) I understand why Mr B didn't think that he needed to obtain or provide anything further to Acasta.

Acasta said that the purpose of their policy is to provide cover for the guarantee issued by the contractor, in the event the contractor ceases to trade within the period of the guarantee. As S didn't issue a guarantee, then Acasta's view is that they cannot insure that guarantee.

In considering Acasta's view I've also looked at the policy documents provided to Mr B when he took out his policy. The terms and conditions confirm the purpose of the policy and that cover is provided for remedial works required *"under the terms and conditions of the supplier's own guarantee in the event of the supplier ceasing to trade."* Other references are made to the *"installer's original guarantee"*. I've also noted that on the claims form there's a question asking for a copy of the Suppliers/Installers Guarantee (which Mr B left blank).

From these references I think it's clear that the supplier's own guarantee is important. However, I've also thought about the fact that Acasta issued the policy confirmation to Mr B. From what I've seen, Acasta didn't ask for a supplier guarantee document as part of the registration process (nor ask Mr B for it when it wasn't provided by him). Acasta also confirmed they don't ask for an installer guarantee until a policyholder makes a claim. But I think it's reasonable that the fact Acasta issued their own policy documents to Mr B would have indicated to him that he was covered.

I've also considered Acasta's point that without S's installation guarantee, they wouldn't know what was covered in that guarantee, and therefore couldn't consider whether it was in turn covered by their own policy. However, I'm not persuaded by this point. As Mr B had a replacement roof, which had developed a leak after just two years (when he had thought he was covered for 10 years), I think it would have been clear that there was some form of defect, unless there was an indication or evidence that the leak was the result of damage from a storm or other event that may have been covered under a separate buildings insurance policy held by Mr B. Even without a specific installer guarantee document, I think it's reasonable to conclude that any installer guarantee would have provided cover for defects in the work carried out.

I've also considered Mr B's point that he was told by the roofing contractor trade body that an installer guarantee could be a sentence on the contractor invoice or quotation stating that the guarantee is for 10 years. I've looked at the quotation provided by S to Mr B, it states: *"This quotation is inclusive of a 10 year insurance backed guarantee."* The quotation also includes a footer with an 'Insurance backed Guarantee' symbol. I think it's understandable Mr B thought that he was covered by a guarantee provided by S in the first instance, but also subsequently from the registration of his policy with Acasta.

Taking these points into account, I've concluded that overall Acasta haven't acted fairly towards Mr B in declining his claim.

In terms of putting things right, our investigator said that Acasta should assess Mr B's claim in line with Mr B's expectation of the policy. And that Acasta should assess the claim and carry out the necessary inspection to determine the cause of the leak and then discuss the next steps and reach an agreement with Mr B to settle the claim. The investigator also said this should include any consequential losses (damage) from the leaking roof in the time since the decline of his claim.

I think it's right that Acasta should assess the claim as they would have done had they not declined the claim because of the absence of a specific installer guarantee from S. I think Acasta should use a typical industry installer guarantee for the purpose, seeking advice from the relevant roofing contractor trade body. If Mr B's claim is accepted, given the elapse of time since the leak occurred, I also think it's fair that Acasta should also consider any linked consequential damage and loss incurred by Mr B as part of the claim.

My final decision

For the reasons set out above, my final decision is that I uphold Mr B's complaint. I require Acasta Europe Insurance Company Limited to:

- Assess Mr B's claim as they would have done had they not declined the claim because of the absence of a specific installer guarantee from S, using a typical industry installer guarantee for the purpose, seeking advice from the relevant roofing contractor trade association if needs be.

If Mr B's claim is accepted, given the elapse of time since the leak, Acasta should also consider any linked consequential damage and loss incurred by Mr B as part of the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 October 2021.

Paul King
Ombudsman