

## **The complaint**

Mr and Mrs M complain about the decision of Insure Group Limited, trading as Home Emergency Assist (HEA), not to refund all of their policy premiums, following cancellation.

## **What happened**

Mr and Mrs M took out boiler cover with HEA for £159 annual payment and this included an annual service and insurance against repair/breakdowns. Mr M has raised this complaint about poor service under the contract, so I've referred to him throughout.

Mr M said he understood the covid pandemic would have caused HEA some difficulty, but he struggled to book a boiler service he had paid for under the policy. He said HEA told him on 20 July 2020 its staff, in common with other home emergency firms, were unable to enter properties. Mr M said this was untrue as by then other firms' staff were providing boiler services again.

After further contact with HEA Mr M said he was told they could no longer provide boiler services. He said he was offered a partial refund of £72 to cover the service part of the contract. But he said he'd paid a single premium, providing a single set of cover, and thought that as the boiler service couldn't be provided, he should be refunded the whole premium.

Mr M complained to HEA, but it declined to make a full refund. In its response HEA said the policy started in July 2020 and there's a 90-day wait before a service would be booked in. HEA said the insurance side of the policy is still active and the cost was £87.30. HEA said it can't refund the months where the policy has been in place, but if Mr M cancelled, he would receive a pro rata refund on the months not yet used less the £35 administration fee.

Mr M brought his complaint to us and said he should receive a full refund as it cost him more for a service from another firm, and said he should be paid £50 to cover his time in having to deal with the issue.

Our investigator didn't recommend that the complaint be upheld. He thought HEA's refund of premium was fair and the policy states that Mr M is only entitled to a proportionate refund as the insurer had been on risk while the policy was in force.

Mr M disagreed saying the policy was sold as a single entity without the costs of the parts distinguished. He said he'd only received the policy schedule, so couldn't make an informed decision during the cooling off period. Mr M requested an ombudsman review his complaint.

## **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.

Mr M has said he hasn't received the service he's paid for and so the full premium should be refunded. I have looked carefully at Mr M's policy and HEA's decision to refund part of the premium to see if this is fair.

HEA's boiler service terms include provision for '*events beyond our reasonable control*' which says that if it can't perform an obligation this won't be regarded as a breach of obligations and it will be entitled to suspend performance of those particular obligations.

I sympathise with Mr M for the difficulty he faced and having to find an alternative provider. Since HEA has refunded the part of the premium for boiler services, Mr M's complaint concerns the refund of the insurance part of the contract, which I've considered. It seems clear that not being able to provide a boiler service fits within this term about *events beyond our reasonable control* and that the term is intended to preserve the remainder of the contract, i.e. the insurance cover.

Mr M said the policy was sold as a single entity without distinction in price of the elements. Home emergency policies generally have a service and an insurance element combined under one policy premium and sold as a package. They are, however, distinct elements with different terms and conditions and are consequently shown separately in the policy documents. This is also obvious from the policy schedule sent to Mr M which sets out that a boiler service can be included for £72. I think this makes a clear distinction in the price of the elements of the policy.

The terms and conditions of Mr M's policy concerning the insurance cover state: '*Where your policy is cancelled after the cancellation period and you have not made a claim, your policy will be cancelled and you will be entitled to a refund of any premium already paid to us for the remaining period after your policy has ended.*'

This is a standard insurance term that reflects the fact that the insurer is on risk during the life of the policy. This means that had Mr and Mrs M needed to, they could have made a claim on the insurance cover at any time and the insurer would have had to respond.

Mr M acknowledges that it was a challenging time, and that's clearly correct. HEA were unable to provide boiler services and correctly refunded Mr M this part of the premium. However, since HEA provided Mr M with insurance cover during the life of the policy I think it acted fairly and in accordance with the terms of the policy not to refund the premium for the period of cover provided.

### **My final decision**

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Mrs M to accept or reject my decision before 20 December 2021.

Andrew Fraser  
**Ombudsman**