

The complaint

Mrs C is unhappy about the way AmTrust Europe Limited (Guardsman) handled her claim under her Guardsman Furniture Protection Plan Insurance.

What happened

Mrs C bought a sofa from a furniture retailer and took out a policy provided by Guardsman to cover it against accidental damage or stains.

In 2020 Mrs C discovered scratch marks and a stain on the sofa so she made a claim under her policy. Guardsman sent a technician who was able to repair some of the damage.

Two attempts were made to repair the sofa, and then one of the repairs failed.

Under Guardsman's policy, one of the options it gives would be to replace the damaged section of the sofa. But the material was no longer available in the correct colour for that particular sofa, so Guardsman weren't able to replace it.

Because it couldn't fix or replace the damaged part of the sofa, Guardsman then made two offers to Mrs C under the terms of the policy.

Firstly, it could provide Mrs C with credit so that she could buy a new sofa from the same retailer. The amount of credit Guardsman said it could give under its policy was the original price of the sofa, less the cost of repairs it'd already attempted (which is £82.50). This would give Mrs C a credit of £1,412.50 to spend in-store with the retailer.

Secondly, Guardsman could make a cash payment to Mrs G of £706.25, which is calculated by taking 50% off the figure mentioned above.

Mrs C wasn't happy about the amount she'd been offered and she complained to Guardsman. She asks for a full cash settlement of her claim. Guardsman said it'd offered Mrs C the correct solutions in line with its policy terms and conditions.

As Mrs C remained unhappy, she brought her complaint to this service. Our investigator looked into it and upheld it. She said she thought Guardsman's offer was unfair and not in line with what Mrs C had paid for the sofa. She agreed that the offers were in line with what the policy terms and conditions said, but they didn't go far enough to put Mrs C back in the position she was before the damage happened. She said Guardsman should pay Mrs C £1,412.50.

Guardsman didn't agree with the view. It said it had followed the policy terms and conditions in settling Mrs C's claim. It asked for the complaint to be referred to an ombudsman, so it has been passed to me to make a decision.

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'm going to uphold it and I'll explain why.

I've asked Mrs C whether she would be willing to buy her replacement sofa from the same retailer and her response was she would not wish to do so given the service she'd experienced. Given that Guardsman had offered the choice to Mrs C of whether she did or not, I think it's fair that I ask Guardsman to stand by Mrs C's choice.

As for the amount that Mrs C is entitled to receive under her claim, Guardsman refer to an agreement it has with the furniture retailer where it is limited to providing a cash settlement at 50% of the amount it would pay for in-store credit.

I've asked Guardsman to provide evidence of where this would have been pointed out to Mrs C, and it replied saying that her claim would be settled according to its policy terms and conditions. I'm not able to see where this limit is shown to Mrs C, so I think it's reasonable to say I don't think she knew about it, and I don't think it's fair of Guardsman to rely on it.

In its offer letter to Mrs C, Guardsman said she would be entitled to the original cost of the sofa she had purchased, less the amount Guardsman had already spent on the repairs. I can see this is part of the policy wording:

"The most the Insurer will pay under this [policy] is limited to the original purchase price of your product..."

Mrs C paid £1,495 for her sofa, and Guardsman say its repairs were provided at a total of £82.50, so Mrs C would be entitled to receive £1,412.50 under the terms of the policy.

Given that I've said above that Mrs C doesn't wish to return to the retailer and that I think it's fair to ask Guardsman to stand by her choice, I think it's also fair and reasonable to require Guardsman to refund the cost of her sofa, less the amount it has already spent on repairing it under the policy.

My final decision

My final decision is that I uphold this complaint. I direct AmTrust Europe Limited to pay Mrs C £1,412.50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 16 September 2022.

Richard Sowden
Ombudsman