

The complaint

Mr T and Ms T complain that they were mis-sold home emergency cover by Soteria Insurance Limited.

What happened

Mr T and Ms S have a home insurance policy underwritten by Soteria, which covers their home's buildings and contents, amongst other things.

When they bought the policy, they opted to include additional cover for home emergencies at an insignificant additional cost in terms of their annual premium.

They made a claim under the home emergency cover after they discovered a water leak in the pipe leading to their boiler.

Soteria's agents at first appeared to tell Mr T and Ms T that the claim would be covered. But Soteria later told them it wouldn't be covered because Mr T and Ms T have an unvented boiler. The policy includes an exclusion for failure of unvented boilers.

Mr T and Ms T made a complaint to Soteria. They felt the exclusion was unclear. They wanted Soteria to meet the claim. And they said that they'd been mis-sold the policy because it wasn't made clear to them that unvented boilers weren't covered.

Soteria apologised that their agents initially indicated that the damage would be covered. And they offered £50 to Mr T and Ms T to compensate them for raising and then disappointing their expectations. But they maintained that the decision to decline the claim was correct. And they said the policy terms were clear.

Mr T and Ms T weren't happy with this outcome. They refused the £50 compensation offered and brought their complaint to us.

Our investigator looked into it and didn't think Soteria needed to do anything more to put things right for Mr T and Ms T. She felt the compensation offer was fair. She thought Soteria were entitled to decline the claim. And she didn't think the policy had been mis-sold.

Mr T and Ms T disagreed and asked for a final decision from an ombudsman.

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.

The terms and conditions of Mr T and Ms T's policy are very clear. The home emergency section of the policy contains an exclusion for unvented boilers. The exclusion isn't hidden in the small print and it's not in any way ambiguous.

The sale of the policy was non-advised. Soteria sent the terms to Mr T and Ms T when they bought the policy and suggested that they check that the cover was right for them.

There has been some discussion about the location and nature of the leak. The engineer's report shows that the leak is from a pressure reducing valve in the pipe which feeds the unvented boiler. That valve is an integral part of the unvented boiler system. It would be entirely unnecessary if the boiler were of a different type.

There's also been some debate about whether the boiler had "failed". The exclusion specifically says Soteria won't cover "failure" of unvented systems. Mr T and Ms T point out that the boiler is in fact still working, but they simply have to ensure they have a means to catch the leaking water.

In brief, I don't accept that argument. The unvented boiler system has "failed", by any normal understanding of that word, in that a valve that's an integral part of the system is leaking water. To put it bluntly, if the system hadn't "failed", I can't see why Mr T and Ms T would have made a claim.

In summary, according to the terms of the policy, Soteria are entitled to decline the claim. And I'm satisfied the terms were – or should have been – clear to Mr T and Ms T when they chose to purchase the policy.

Putting things right

Soteria's agent(s) did create a false expectation when they initially said the claim would be covered. I can see why Mr T and Ms T were very disappointed when Soteria corrected that error and told them they wouldn't be paying for repairs to the boiler.

I agree with our investigator that the £50 compensation offered by Soteria for Mr T and Ms T's trouble and upset is fair and reasonable in all the circumstances.

Because that compensation hasn't yet been paid, I have to uphold this complaint (with no change in outcome) in order to require Soteria to pay it now to Mr T and Ms T. But I'm not upholding the other aspects of the complaint about the claim and/or the sale of the policy.

My final decision

For the reasons set out above, I uphold Mr T and Ms T's complaint in part.

Soteria Insurance Limited must pay Mr T and Ms T £50 compensation for their trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Ms T to accept or reject my decision before 18 August 2022.

Neil Marshall
Ombudsman