

The complaint

Mrs N complains about the way U K Insurance Limited trading as Privilege Insurance (“UKI”) handled a claim against her home emergency insurance policy.

Reference to UKI include their agents.

What happened

Mrs N reported a home emergency claim to UKI on 17 March 2022 around 9pm. She says water was leaking from pipes and causing damage. She says she got a text from UKI around 9:30pm to say an engineer would attend the following day between 9am and 1pm.

Mrs N didn’t think the appointment was soon enough as further damage might occur. So, she contacted a local engineer who attended later that day – at around 9:35pm – and isolated the leak. This cost her £300.

UKI’s engineer attended the following day but didn’t do anything as the leak had already been isolated by then by Mrs N’s own engineer. Mrs N later requested UKI reimbursed the £300 she paid her own engineer. They declined to do this, so she complained.

UKI responded to it to say as Mrs N didn’t obtain pre-authorisation to use her own engineer, they wouldn’t assist with the claim. Mrs N wasn’t happy with their response, so she approached our service.

Our investigator recommended it be partially upheld. While he didn’t think UKI should pay Mrs N £300, he thought they should have offered to pay Mrs N what it would have cost them to resolve the claim.

UKI didn’t agree and referred to the policy terms. They also say they incurred another call-out charge given Mrs N failed to tell them the leak was isolated before their 18 March 2022 visit. As they didn’t agree with our investigator’s view, the case was passed to me to decide.

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.

Whether UKI’s call-out appointment was reasonable

Mrs N says she’s in her 80’s and was worried to find water damaging her home. She didn’t think UKI provided a reasonable call-out time, so she called her own engineer – to mitigate further damage and disruption.

The policy doesn’t specify a time UKI will send an engineer out. All things considered; I don’t find UKI providing Mrs N with an appointment the next day – given the claim was reported at around 9pm – was unreasonable.

While Mrs N expected UKI to provide her with an emergency response, in my view this means UKI will arrange for the next available engineer to attend as soon as possible – and I think the evidence suggests they did that here. A visit will broadly be based on the time a claim is reported, and engineer's availability, amongst other things.

So, whilst I don't consider the call-out time given by UKI was unreasonable, I've gone on to consider the policy and what UKI were liable for had things happened in the way they should have.

Whether the claim was covered by the policy

All parties accept the claim was a valid one – UKI arranged for an engineer to visit Mrs N and resolve it. As such, had things happened in the way they should have, the policy would have most likely responded to the claim.

The policy does say UKI won't cover the cost of work carried out by anyone other than their authorised repairer. But this – in my view – means they aren't liable for covering Mrs N's full costs in hiring her own engineer because that wasn't their liability for the claim, nor did they authorise it. But I don't think this should mean it was fair for UKI to withdraw their liability in its entirety because there was still a valid claim that they were responsible for settling under the contract of insurance.

UKI declined to assist Mrs N with the claim at all which I find was unreasonable. In these circumstances, UKI's liability was limited to paying Mrs N the amount it would have cost them (UKI) to resolve the claim. Therefore, I'll be directing UKI to pay this to Mrs N and include interest given no contribution towards the claim was offered at all.

Whether Mrs N prejudiced UKI's position

I don't think UKI has demonstrated Mrs N prejudiced their position by using her own engineer. That's because UKI were liable under the contract of insurance to resolve this claim and – rather than withdrawing it – their liability was limited once Mrs N used her own engineer to pay what it would have cost them.

UKI do make a fair point with regards to Mrs N failing to inform them the leak had been isolated prior to their engineer's 18 March 2022 visit. They say had they been aware the leak was already isolated by then, they could have cancelled this call out. And this means they wouldn't have incurred this further cost.

I think it's fair to say Mrs N ought to have kept UKI informed of what happened between her reporting the claim to UKI attending. That way, UKI could have decided whether the 18 March 2022 visit was still needed – and whether cancelling it several hours prior to it happening would have meant they wouldn't incur the call-out charge. In any case, I haven't seen strong supporting evidence that shows this call-out charge from 18 March 2022 impacted UKI's total claim costs meaning they incurred more than the policy limit for the claim.

So, whilst Mrs N ought to have kept UKI informed during the claim, I don't think the further call-out charge to UKI made too much of an impact on things here overall.

Summary

Mrs N didn't obtain pre-authorisation to use her own engineer so UKI aren't responsible for reimbursing the full costs she incurred.

UKI were, however, responsible for settling the claim and should have offered to pay Mrs N what it would have cost them to resolve it. They didn't do this and decided to withdraw their liability for the claim in its entirety which I find was unfair. So, I'll be directing UKI to pay Mrs N what it would have cost them to resolve the claim, plus interest, because I think they should have offered to do this as part of the claim settlement.

Putting things right

U K Insurance Limited trading as Privilege Insurance must now settle the claim and pay Mrs N the amount it would have cost them to resolve the claim. They must also include 8% simple interest* from the date Mrs N reported the claim, to the date of settlement.

My final decision

My final decision is I uphold the complaint, and now require U K Insurance Limited trading as Privilege Insurance to put matters right as set out under the heading '*Putting things right*'.

*If U K Insurance Limited trading as Privilege Insurance considers that they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mrs N how much they've taken off. They should also give Mrs N a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customer if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 14 December 2022.

Liam Hickey
Ombudsman