

## **The complaint**

Mr and Mrs J are unhappy with Inter Partner Assistance SA's (IPA) handling and settlement of a claim made under their home emergency insurance policy.

## **What happened**

Mr and Mrs J have a home insurance policy, which also has separate home emergency insurance cover underwritten by IPA.

In December 2021 Mr and Mrs J's shower developed a temperature issue, so they contacted IPA to make a home emergency claim.

IPA appointed an engineer to inspect the problem and they determined there was a fault with the thermostatic shower cartridge. They said parts would be required and they would return to carry out a repair.

Two weeks later another engineer attended, with a thermostatic cartridge. However, they said the whole panel unit which contained three shower cartridges needed to be replaced, rather than the one in isolation – and this would need to be ordered. Mr and Mrs J were unhappy with this, as they said the whole unit was also determined as required during the first visit, and they had been expecting the engineer to arrive with this to complete repairs having already waited two weeks.

Due to the length of time repairs were taking, and the fact Mr and Mrs J didn't have washing facilities with hot water, IPA agreed to pay the cost of a private repair, subject to the £1,000 policy limit. They also paid £150 compensation. Mr and Mrs J arranged a private repair and submitted the repair invoices to IPA totalling £862.46.

However, IPA didn't cover the full cost of the invoices. They said they would only pay the remainder of the policy limit, after costs they had already incurred during the previous engineer visits had been deducted. IPA said this left £342 to pay towards Mr and Mrs J's repairs, which meant there was a shortfall in the total repair costs Mr and Mrs J incurred.

Mr and Mrs J remained unhappy and approached this service.

Our investigator looked into things and upheld the complaint. She said that she recognised IPA had incurred costs in the visits. But she said it looked like the costs of parts which hadn't been replaced had also been deducted, when there was no evidence they had been fitted. So, she said IPA should pay the full invoice total, which she said was £862.92.

IPA didn't agree. They said it wasn't fair for them not to be able to deduct the full costs they had incurred from the total limit, before paying the remainder to Mr and Mrs J.

As an agreement couldn't be reached, the case was passed to me to decide.

I issued a provisional decision. I reached broadly the same outcome as the investigator, but there were some additional reasons. And there were some additional things that I was

minded to say IPA needed to do to put things right. So I issued a provisional decision, to give both parties an opportunity to comment on my initial findings, before I reached my final decision.

### **What I provisionally decided – and why**

In my provisional decision, I said:

*“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.*

*I’ve reached broadly the same outcome as our investigator, but there are some additional reasons for this. I’m also minded to direct IPA to do something additional to put things right, in addition to what was recommended by our investigator. So, I’m issuing a provisional decision, to give both parties an opportunity to comment on my initial findings, before I reach my final decision.*

*Mr and Mrs J’s home emergency cover has a limit of £1,000 for any one claim. Following private repairs completed by Mr and Mrs J totalling £862.46, IPA has paid Mr and Mrs J £342, leaving a shortfall of costs they incurred. IPA says the amount it has paid Mr and Mrs J is the remainder of the policy limit, after deducting what they say they already paid under the claim when they appointed engineers.*

*Our investigator didn’t think the full £658 deductions IPA made from the £1,000 limit were reasonable. And based on what I’ve seen, I’m minded to agree with our investigator. I’ll explain why.*

*Our investigator asked for a breakdown of costs incurred by IPA during the claim. However, IPA wasn’t able to provide an accurate breakdown of this. They provided several different breakdowns, but none of these actually totalled the £658 IPA deducted from that £1,000 limit. So, I’m not satisfied IPA has shown the deductions here were the costs they incurred. In any event, I also don’t think deducting both visits and parts is fair even if they did total £658 and IPA could evidence it – I’ll explain why.*

*The claim was made for an issue with the hot water temperature. The job notes from the first visit show that it was determined that there was a faulty shower cartridge. But the plumber also said all three should be replaced as it was likely there would be leaks if only one was replaced.*

*At the second visit, a different engineer arrived and they only had the single cartridge, despite what the first engineer had concluded. They then attempted to carry out a repair using only this single part, and as already predicted by the first engineer (but not taken into account by the second), there were then leaks and issues with the remaining cartridges. So, the issue remained unresolved, and additional parts were needed – as predicted two weeks before.*

*I accept that IPA will have incurred costs from their engineers in visiting and diagnosing the issue. But given what happened here, which I’ve outlined above, it does seem that the second visit shouldn’t have gone ahead as it did. Instead, the parts deemed required at the first visit should have been ordered to carry out an effective repair, and the second visit should have been to carry out those repairs. Instead, the second engineer arrived with a part which they should’ve already known wouldn’t have been sufficient on its own. So effectively that second visit was unnecessary and didn’t add any value or move the claim or repairs further along.*

*With this in mind, I don't think it's fair or reasonable for IPA to deduct the costs of that second visit from the total claim limit. And as the parts weren't correct to be able to carry out a lasting and effective repair, I don't think it's reasonable to deduct these cost from the claim limit either. These parts also weren't used as part of the ultimate repair that Mr and Mrs J had to privately arrange either, so I can't say that cost should reasonably be deducted from Mr and Mrs J's claim or policy limit (or reimbursement).*

*Therefore, I'm minded to conclude it would only be fair and reasonable for IPA to deduct the cost of the first visit and diagnosis from the policy limit – as that is a cost IPA has reasonably incurred here. As I've said, IPA hasn't been able to provide an accurate breakdown of the actual costs incurred. But from what I've seen, it appears there was a call out charge of £35, and the job sheet from that first attendance shows the engineer was only onsite 25 minutes, so only a single hourly rate totalling £45 should apply. And an added 20% VAT would need to be added to this total (£16). So, I think it would be reasonable to only deduct this amount - £96 - from the £1,000 total limit, which then leaves £904 remaining.*

*I've also listened to the telephone calls Mr and Mrs J had with IPA following the second visit. During these calls, this is where alternative settlements were explored with Mr and Mrs J. IPA suggested it would pay up to the policy limit for private repairs. Mr and Mrs J asked for specific clarification of what this meant in terms of amounts they'd be covered for. They weren't told that previous costs would be deducted, and when asked specifically, IPA said they would have up to £1,000 to use towards the private repair.*

*Whilst IPA may have intended to outline the remainder of the limit would be the amount Mr and Mrs J could spend, they specifically confirmed £1,000 instead. Ordinarily we might not conclude that a business had to honour incorrect advice about policy limits more generally, if they didn't have an overall impact to a policyholder beyond a loss of expectation. But where that incorrect advice had led to a direct cost to a consumer as a result, it may be fair and reasonable for a business to pay that amount which otherwise wouldn't have been incurred.*

*Here, Mr and Mrs J were led to believe they had £1,000 to carry out repairs, and they did repairs at a cost of £862.46 (which is less than they were told they had to spend). So given this, and the fact that I don't think it's fair to deduct more than the first visit costs – which I've approximated as £96 leaving £904 under the limit available - I'm minded to conclude it would be fair and reasonable for IPA to pay the full invoice costs to Mr and Mrs J.*

*Our investigator said the total costs Mr and Mrs J incurred was £862.92, as this is the amount on the claim form Mr and Mrs J submitted, but having checked the invoices, it is slightly different and actually totals £862.46. Therefore, as IPA has already paid £342, the remainder due from this that I'm minded to direct IPA to pay would be £520.46.*

*Unless anything changes as a result of the responses to my provisional decision, I'll also be directing IPA to add 8% simple interest to this amount from date of payment of the invoice to date of settlement.*

*IPA paid Mr and Mrs J £150 compensation for the time taken during the claim before Mr and Mrs J were given authorisation to arrange repairs privately. However, I'm also minded to direct IPA increase this amount. I'll explain why.*

*The second (unnecessary) visit was over two weeks after the claim and first visit were made. And as I've outlined, I think the second visit shouldn't have gone ahead as it did. It's clear that the first visit outlined parts needed, and risks of leaks happening if only one cartridge was replaced - and that's exactly what did happen. So, this could have been avoided had the conclusions from the first visit been followed, consequently this caused unnecessary and avoidable delays.*

*It seems the engineers appointed also told IPA that Mr and Mrs J had other washing facilities available, when this wasn't the case - as both shower and bath required the same mixer tap system which had failed. So, the claim was first declined as not being an emergency, before later being accepted when Mr and Mrs J let IPA know the engineer had given incorrect information about their washing facilities.*

*It also appears there was some confusion between IPA understanding what parts were required to carry out an effective repair. I say this because it seems that there was a misinterpretation between the three-dial unit which was needed, and the entire shower enclosure, which then led to IPA saying the cost of sanitaryware wouldn't be covered, which further confused matters.*

*Mr and Mrs J didn't have access to washing facilities from when the claim was first raised on 30 December 2021 and were having to visit friends and family to wash. IPA were aware of this, and Mr and Mrs J had reiterated this in the multiple calls they needed to make to IPA. It's clear this was frustrating, inconvenient and impacting Mr and Mrs J on a daily basis. Ultimately, they didn't again have washing facilities until the start of February, following the unnecessary second visit, avoidable delays, and finally being able to arrange their own private repair. So, the impact to Mr and Mrs J was for a prolonged period.*

*Whilst a private repair was eventually agreed by IPA and meant a repair could be completed quickly to restore washing facilities, this wasn't complete until around a month after making the claim. Mr and Mrs J had to organise those repairs, along with buying their own parts to facilitate those repairs, despite having a home emergency policy, which has the intention of resolving an emergency situation for a policyholder – but this clearly didn't happen in Mr and Mrs J's case.*

*With this in mind, I don't think the £150 compensation offered by IPA is sufficient for what happened, and the impact on Mr and Mrs J. So, unless anything changes as a result of the responses to my provisional decision, I'm also minded to direct IPA to increase compensation to a total of £225."*

Therefore, I was minded to uphold the complaint and to direct IPA to reimburse the remainder of Mr and Mrs J's repair invoice (totalling £520.46) with 8% simple interest added. I was also minded to direct IPA to pay a further £75 compensation taking the total to £225.

## **The responses to my provisional decision**

Mr and Mrs J responded accepting my provisional decision.

IPA didn't provide a written response by the deadline in the provisional decision, so our investigator contacted IPA and they confirmed they accepted the provisional 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.

And I've thought carefully about the conclusions I came to in my provisional decision. As neither party has provided a response which would lead me to reach a different outcome, my final decision remains the same as my provisional decision, and for the same reasons.

## **My final decision**

It's my final decision that I uphold this complaint and direct Inter Partner Assistance SA to:

- Reimburse the remainder of Mr and Mrs J's repair invoice totalling £520.46
- Add 8% simple interest\* to this amount from the date the invoice was paid to date of settlement
- Pay a further £75 compensation, taking the total to £225

\*If Inter Partner Assistance SA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr and Mrs J how much it's taken off. It should also give Mr and Mrs J a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J and Mrs J to accept or reject my decision before 3 February 2023.

Callum Milne  
**Ombudsman**