

The complaint

Mr H complains that One Insurance Limited (One Insurance) turned down his claim on his executive home emergency insurance policy.

What happened

Mr H took out a buildings and contents home insurance policy online with One Insurance in January 2020. The policy included basic home emergency insurance cover.

Mr H added to his home insurance cover by taking out an additional executive home emergency insurance policy, which had enhanced benefits. He paid an additional premium for the policy of £49.99. Mr H renewed his home insurance policy in January 2021 and it again included the executive home emergency insurance cover for the same annual premium.

In November 2021, Mr H contacted One Insurance because he had no heating or hot water. One Insurance sent an engineer out to Mr H's home. Mr H says the engineer said he wasn't trained on Mr H's type of boiler (which was powered by an air source heat pump), so he couldn't fix Mr H's heating and hot water system. One Insurance subsequently turned down Mr H's claim because it said his policy excluded "*electricity*".

Unhappy about this, Mr H complained to us. The investigator who looked at Mr H's complaint didn't uphold it. He said Mr H's boiler was an electric heat pump boiler and not a gas one. Because Mr H's policy said electricity was excluded from cover, our investigator didn't think One Insurance had applied the terms unfairly when it turned down Mr H's claim.

Mr H disagreed. He said he bought the additional home emergency insurance cover because the policy said One Insurance would provide emergency repairs if the main source of heating in his home failed. Mr H said there was nothing in the policy to say his type of heating source wouldn't be covered. He said his heat pump wasn't an electric boiler, as our investigator suggested. So he didn't think it was right One Insurance had relied on the policy exclusion for electricity to turn down his claim. He said this resulted in him having to pay around £9,000 to have the heat pump replaced. Mr H said he would like compensation for his outlay.

So Mr H's complaint came to me to decide. In my provisional decision of 29 March 2023, I explained why I intended to uphold Mr H's complaint. Mr H has given me some comments on my decision. One Insurance hasn't responded to it. So Mr H's complaint has come to me for a final 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, for the reasons given in my provisional decision, I've decided to uphold Mr H's complaint. Here's what I said in that decision:

“Mr H’s executive home emergency policy says he has cover of up to £750 for (among other things):

“Boilers – emergency repairs after an emergency involving your home that leads to the main source of heating failing.”

The policy doesn’t define “Boilers”. But it does include an exclusion that says simply “Electricity”. One Insurance says Mr H’s air source heat pump is caught by the “electricity” exclusion, which it has relied on to turn down his claim.

This is an argument with which Mr H strongly disagrees. He says an air source heat pump, while powered by electricity (as a gas or electric boiler is), moves heat from one place to another and isn’t either electrical equipment or, as our investigator suggested, an electric boiler.

Mr H’s policy gave him cover for emergency repairs after an emergency in his home that led to his main source of heating failing. And it was because his heating and hot water failed that Mr H made his claim. From the policy wording, however, it’s not clear to me whether or not Mr H’s air source heat pump was a “boiler” – as I’ve said, the term isn’t defined. And it’s equally unclear whether an exclusion that simply says “Electricity” means that repairs to an air source heat pump aren’t covered.

It’s our approach – and our approach mirrors the law – that if any term in an insurance contract isn’t clear, it should be interpreted in favour of the policyholder.

Based on what I’ve seen so far, I don’t think One Insurance made it clear in Mr H’s policy documents that his air source heat pump wasn’t covered by his executive home emergency insurance policy. And that means I don’t think One Insurance has treated Mr H fairly in turning down his claim.

When One Insurance did turn down Mr H’s claim, I understand Mr H had difficulty sourcing another repairer locally. And then I believe the manufacturer told Mr H there’d be a three to five month wait for a part that might resolve the fault with his pump. Mr H says his only option in these circumstances was to get the pump replaced which cost him £9,000. But the limit on cover in Mr H’s home emergency insurance policy was £750. So that’s the most he could claim under it. In the circumstances of this complaint, therefore, I think it’s fair and reasonable to direct One Insurance to pay Mr H £750 in settlement of his claim.

It’s clear to me Mr H experienced significant distress and inconvenience because of One Insurance’s decision to turn down his claim. He says he and his family – which included small children and an elderly parent with a health condition – were left without heating over the Christmas and New Year period. This must’ve been distressing and worrying for Mr H. He also went to considerable trouble trying (and failing) to find alternative repairers at what would’ve been a very busy time of year. For this distress and inconvenience, I intend to direct One Insurance to pay Mr H £300 in compensation.

I know Mr H has concerns that the turning down of his claim by One Insurance has wider implications, given the UK government’s policies for achieving net zero carbon emissions by 2050. But my role is to decide Mr H’s specific complaint based on its facts and circumstances, so I can’t comment on Mr H’s concerns about these wider issues.”

As I’ve already mentioned, Mr H has given me some comments on my decision, while One Insurance hasn’t responded to it. Mr H says his only source of heating was through his boiler and he still had power to his boiler when his heating failed. Mr H says that after One

Insurance turned down his claim he was forced to speak to the manufacturer, who advised there was a fault with the heat exchanger. And Mr H says he was told by other engineers he contacted that he'd have to wait two weeks at the earliest for a callout. Mr H says, because it was extremely cold and he had an elderly relative with a health condition living with him, as well as small grandchildren to look after, he had no choice but to buy a new boiler.

As I said in my provisional decision, Mr H clearly experienced significant distress and inconvenience because of One Insurance's decision to turn down his claim. That's why I said I thought an award of £300 in compensation for this was fair and reasonable.

But while I can see why Mr H bought a new boiler, the limit on cover under his policy was £750. So that's the most One Insurance was under an obligation to pay him under his contract of insurance had he been able to make a successful claim. In the circumstances of this complaint, I don't think it would be fair and reasonable to direct One Insurance to pay Mr H the £9,000 he says he paid to buy a new boiler.

My final decision

For the reasons I've given here and in my provisional decision (which now form part of this final decision), I uphold Mr H's complaint and direct One Insurance Limited to pay him:

- £750 to settle Mr H's claim on his executive home emergency insurance policy; and
- £300 in compensation for the distress and inconvenience turning down Mr H's claim has caused him.

One Insurance Limited must pay Mr H these amounts within 28 days of the date we tell it Mr H has accepted my final decision. If it doesn't, One Insurance Limited must pay Mr H simple interest on these amounts at the rate of 8% a year from the date of my final decision to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 June 2023.

Jane Gallacher
Ombudsman