

The complaint

Ms B and Mr H are unhappy U K Insurance Limited trading as Churchill (UKI) declined a claim made under their home emergency policy.

Where I've referred to UKI below, this also includes any actions or communication from their agent acting and handling the claim on their behalf.

What happened

Ms B and Mr H have a home insurance policy which also provides home emergency cover, underwritten by UKI. In January 2023 there were no lights in the landing or bedroom of Ms B and Mr H's home, so they contacted UKI.

An appointment was made for later that day. However, after inspecting the electrical failure, the claim was declined. This is because UKI said there were still plug sockets in operation so a lamp could be used for lighting, and partial failures of the electrics wasn't covered.

Ms B and Mr H complained to UKI about what had happened. UKI said that the policy specifically excluded partial failures of the electrical system, so they said the claim decision was correct. However, they accepted there was a delay in the inspection appointment taking place, and poor communication, so they paid £75 compensation.

As Ms B and Mr H remained unhappy, they approached this service.

One of our investigators looked into things but she didn't uphold the complaint. She said she didn't think an emergency had occurred in line with the policy terms as there was only a partial failure, which she said is excluded. And she thought the compensation UKI had already paid was reasonable, so she didn't recommend UKI do anything further.

Ms B and Mr H didn't agree and asked for a final decision from an ombudsman.

I was minded to reach a different outcome to our investigator, 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.

As I’ve reached a different outcome to our investigator, I’m issuing a provisional decision to give both parties an opportunity to comment on my initial findings before I reach my final decision.

Ms B and Mr H have home emergency cover, and this includes, amongst other things:

“You’re covered for

Electrical supply

*We will pay the cost of **emergency assistance** needed if the permanent **electrical supply** to your home fails.”*

And emergency assistance is defined as:

*“Work carried out by an authorised repairer to temporarily or permanently deal with an **emergency**, carry out **emergency** repairs or prevent further damage.*

But not:

- Repairing paths and driveways that need to be lifted to deal with the emergency.”*

And emergency is defined as:

“An incident in the home that happens during the period of insurance and which needs to be dealt with quickly to avoid:

- Making the home unsafe or insecure for you*
- Damaging the home and its contents, or*
- The home losing its main source of heating, lighting or water (hot or cold).”*

And electrical supply is defined as:

“The permanent electrical wiring system supplying power to your home from the mains service through your electricity supply meter.”

In January 2023 Ms B and Mr H reported a failure of the lights in their bedroom and landing. They also made UKI aware that Ms B had a fractured leg, so the lighting was particularly important for her mobility and safety.

UKI arranged for an engineer to attend. However, the claim was subsequently declined by UKI. They said the failure of the lights wasn’t covered under Ms B and Mr H’s policy due to them still having plug sockets in operation, so it was only a partial failure, and UKI said a lamp could be plugged in for lighting.

Therefore, UKI said it wasn't an emergency, and they also said a partial failure of electrics was specifically excluded under Ms B and Mr H's policy. However, I don't agree with either point. I'll explain why.

Based on the wording and definitions above, I'm satisfied there was an emergency as the lighting had failed, and the failure was to the electrical supply as it was to permanent wiring from the mains. So, I think an emergency did occur, and UKI can't rely on this alone to decline the claim.

When declining the claim, UKI also outlined the following exclusion which they say is in the policy:

"We don't cover:

- "Any temporary electrical wiring*
- Wiring that is outside your home*
- The electrical supply to outbuildings or garages that aren't attached to your outbuilding*

Or

"Partial or intermittent failure of the internal domestic electrical system"

The failure of the lighting didn't occur to temporary wiring, wiring outside the home or a garage or outbuilding. Therefore, none of the first three points of the exclusion would apply, so I don't think UKI can decline the claim on this basis alone.

However, importantly, only part of the exclusion UKI referred to (those three points above) actually appears in the policy. The following exclusion relied on by UKI doesn't actually appear in the policy wording:

"Partial or intermittent failure of the internal domestic electrical system."

If this exclusion was in the policy wording then it might be reasonable to decline the claim, given there was only a partial failure to the electrics, and plug sockets were still in operation. But that exclusion isn't actually in the wording applicable to Ms B and Mr H's policy. So UKI can't rely on a non-existent exclusion to decline the claim.

Based on the remainder of the wording, Ms B and Mr H had an emergency as defined in the policy, as their lighting had stopped working, and the policy doesn't require a total failure before it is considered an emergency. So, I don't think UKI acted fairly by declining the claim based on the exclusions actually contained in the relevant policy, as I don't think any of those actually apply here.

It's unclear if Ms B and Mr H have since had repairs completed, or if the lighting issue remains. So, in response to my provisional decision, I'd ask Ms B and Mr H to clarify this. And depending on what the responses are (and unless anything changes as a result of the responses to my provisional decision), I'm minded to direct UKI to either:

- If the issue remains unresolved, reconsider the claim under Ms B and Mr H's home emergency policy and applicable terms.*

Or:

- *If Ms B and Mr H have already paid for repairs to be completed, reimburse the costs they incurred in having the lighting issue resolved, subject to evidence of works and costs, and the policy limit of £500.*
- *Add 8% simple interest to the reimbursement from date of payment of the invoice to date of settlement.*

When UKI originally maintained the claim decline, they offered £75 compensation. This was to take into account poor communication and a delay in the first appointment taking place. And I think that amount of compensation is sufficient for that part alone.

However, as I've outlined, I'm minded to conclude that UKI has acted unfairly by relying on exclusions which don't exist in Ms B and Mr H's policy to decline the claim. And the claim was declined at a point when Ms B had a fractured leg and depended on good lighting for mobility and safety.

So, I think that by UKI unfairly not dealing with the home emergency claim at the time, this has impacted Ms B and Mr H and I think further compensation is warranted for this. Unless anything changes as a result of the responses to my provisional decision, I intend to direct UKI to pay a further £125 compensation for the inconvenience caused, taking the total amount to £200."

So, I was minded to uphold the complaint in part and to direct UKI to either reconsider the claim in line with the remaining terms. Or reimburse the cost of repairs (up to the policy limit and subject to evidence of works) with 8% simple interest. And in addition to both options, provide a further £125 compensation, taking the total amount to £200.

The responses to my provisional decision

Ms B and Mr H responded and said they were pleased with the provisional decision.

UKI responded and said they accepted the provisional decision and recommendations.

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 provisional decision I reached and the responses to it. As neither party has provided anything in response which would lead me to depart from the provisional decision I reached, my final decision remains the same as my provisional decision, and for the same reasons.

In my provisional decision, I proposed two different ways for UKI to put things right, depending on whether repairs had gone ahead, or the issue remained unresolved. Ms B and Mr H didn't clarify the current position when they responded to my provisional decision.

So, my final decision remains the same as my provisional decision, with the two alternate remedies depending on the current position. If Ms B and Mr H accept my final decision, they'll then need to liaise with UKI to arrange the appropriate option of settlement depending on whether repairs have or haven't been completed.

My final decision

It's my final decision that I uphold this complaint in part and direct U K Insurance Limited trading as Churchill to:

- If the issue remains unresolved, reconsider the claim under Ms B and Mr H's home emergency policy.

Or:

- If Ms B and Mr H have already paid for repairs to go ahead, reimburse the costs they incurred in having the lighting issue resolved, subject to evidence of works and costs, and the policy limit of £500.
- Add 8% simple interest* to the reimbursement from date of payment of the invoice to date of settlement.

And:

- Pay Ms B and Mr H a further £125 compensation, taking the total amount to £200.

* If U K Insurance Limited trading as Churchill considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms B and Mr H how much it's taken off. It should also give Ms B and Mr H 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 Ms B and Mr H to accept or reject my decision before 19 September 2023.

Callum Milne
Ombudsman