

The complaint

Mrs A complains that Homeserve Membership Limited (Homeserve) cancelled her home emergency policy in error.

What happened

Mrs A took out a landlord heating, plumbing and electrics policy with Homeserve on 26 July 2021. The policy was cancelled on Homeserve's system on 1 February 2023. Mrs A said that she didn't authorise the cancellation of the policy, so she raised a complaint.

Following an investigation carried out by Homeserve, it found that in error, it had cancelled the policy. It said that it was unable to reinstate the policy as the original policy had been cancelled for more than 28 days. So, it offered Mrs A £60 compensation for the error. In addition, it said that Mrs A could open a new policy, which she did.

A new policy was opened on 17 March 2023. And in line with Homeserve's requirements that when a boiler is taken on cover, a boiler health check (BHC) must be completed. Homeserve completed a BHC. Following which, Mrs A's boiler failed, due to it being ineligible for cover, that is, Mrs A's boiler was on a list of boilers, which Homeserve wouldn't cover. So, the policy was cancelled.

Mrs A complained as she said that it wasn't her fault that the original policy had been cancelled. It was the fault of Homeserve. So, Homeserve ought to reinstate the cover. In its final response, Homeserve maintained its position. That as Mrs A's boiler featured on a its eligibility list, this meant that Mrs A's boiler could no longer be covered. It confirmed that it had issued a pro-rata refund of the premiums paid (given that Mrs A had cover for other elements on the policy). In addition, it offered a total of £285.89 compensation. It broke this down into the premium payments that Mrs A had paid for the previous year on the original policy. And the difference paid for the most recent policy.

Mrs A remained unhappy with the resolution, as she wanted Homeserve to reinstate cover. And as she had been given her referral rights, she referred a complaint to our service. One of our investigators considered the complaint and didn't think it should be upheld. He said that our services remit wasn't to tell an insurer how it operates its business. So, he was unable to direct Homeserve to reinstate the policy. He also said that Homeserve had made errors, for which it had fairly compensated Mrs A. Accordingly, he was unable to ask Homeserve to do anything further to resolve the complaint.

Homeserve accepted the view. Mrs A did not. Whilst she understood that our service was unable to direct Homeserve to reinstate the policy, she felt that as she had been previously insured and that the policy had been cancelled by Homeserve, it should just reinstate the policy as it was the same boiler. So, she asked for a 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.

Having done so, I won't uphold this complaint, for much the same reasons as our investigator. I understand that this might be a disappointment to Mrs A, but I hope my findings go some way in explaining why I've reached this decision.

I've considered all the evidence and comments made by both parties. I should say at the outset, that our service's remit doesn't extend to telling or directing a business on how it should operate. This is for the regulator (the Financial Conduct Authority – FCA). So, I'm unable to direct Homeserve, to reinstate the cancelled policy. I understand that this is the main issue of this complaint, but as it is a commercial decision made by Homeserve, I can't tell it what to insure.

I appreciate that Mrs A said that the boiler wouldn't have needed a BHC as the policy would have automatically renewed, (had it not been cancelled). But I can't say what Homeserve may have done at renewal. Plus, as quite rightly pointed out by Mrs A, when new cover is taken a BHC is required. This was new cover and so a BHC was completed. So, I can't agree that Homeserve did anything wrong here.

The only issue I can deal with is the level of compensation that Homeserve has offered Mrs A. So, I will focus my findings on this and whether in the circumstances, I think it's fair.

In total, Homeserve has offered £285.89 compensation. It said that this was to refund Mrs A's premium payments for the previous year's cover. In addition, for the difference she had paid on the new policy.

Mrs A hasn't said that she disputes the level of compensation offered. She has indicated that she wouldn't want our service or Homeserve, to preclude her from receiving the compensation offered.

I'm satisfied that Homeserve made an error here. It has apologised for the error it made. And I appreciate the trouble and upset that this has caused to Mrs A. However, having reviewed our guidelines on compensation awards, I do think that the amount of compensation offered by Homeserve, is fair in the circumstances. And is in line with our guidelines. So, I won't be asking Homeserve to increase this amount further.

Homeserve has confirmed that the offer of compensation, is still available and I would advise Mrs A to contact Homeserve to arrange for the compensation to be paid, if she wishes.

Although Mrs A has said that she is unable to obtain cover with Homeserve, there may be other providers who she might be able to arrange cover with.

Consequently, I can't agree that Homeserve were unreasonable here. I understand that this is likely to be a disappointment to Mrs A, but I won't be asking Homeserve to do anything further to resolve this complaint.

My final decision

For the reasons given, I won't uphold Mrs A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 29 February 2024.

Ayisha Savage
Ombudsman