

The complaint

Mrs W has complained about the options Amtrust Europe Limited has given her to settle a claim she made against a furniture warranty policy.

What happened

Mrs W made a claim against her warranty policy with Amtrust for pet damage to her furniture in August 2022. Amtrust declined the claim. After bringing her complaint to this service, a final decision was made in November 2022 requiring Amtrust to deal with Mrs W's claim.

After attempting to repair the furniture three times, Amtrust offered Mrs W to take either a voucher to use at an approved retailer to buy a replacement – or a cash settlement which was half of the value of the voucher. Within the settlement was an offer of 50% of the original price for matching items.

Amtrust deducted the costs of repairs for a previous claim (for nail scuff damage) to one of the sofas from the settlement options it offered.

In July 2023 Mrs W complained to Amtrust about the amounts offered and she was unhappy about the length of time it was taking to deal with her claim.

Amtrust upheld Mrs W's complaint about delays as it said it had taken too long for parts to arrive. For the distress and inconvenience caused, it offered Mrs W £200 compensation.

But it said the amounts offered to settle the claim were correct and in line with the policy.

Mrs W accepted the compensation of £200, but on the provision it didn't prevent her from bringing her complaint to this service.

Mrs W remained unhappy about the claim settlement amounts offered and that Amtrust hadn't provided a breakdown of how it had arrived at the amounts quoted. So she asked us to look at her complaint.

Our Investigator didn't think it was fair for Amtrust to deduct repair costs for a first attempted repair for the nail scuff damage that had failed. She thought it should only deduct the costs of the second successful repair from the settlement. So she recommended Amtrust increase the settlement amount by the difference.

Mrs W says she wants the higher amount offered by voucher as a cash settlement. She remains unhappy with the overall protracted repair times and poor communication from Amtrust.

Amtrust says it is entitled to deduct the attempted first (failed) repair costs from the settlement in line with the policy. It says the cash settlement is less due to its buying power.

I issued a provisional decision on 19 January 2024 with the following intended remedy:

- Settle Mrs W's claim by paying a cash payment of £993.01.
- Pay interest on this sum from 1 August 2023 when Amtrust set out the lower settlement offer to the date it pays Mrs W at a rate of 8% simple interest a year.
- Pay Mrs W a further £200 compensation in addition to the £200 it's already paid for

the distress and inconvenience caused.

Both parties replied to my provisional decision. Amtrust has no further comments. Mrs W accepts my provisional decision subject to clarification of the deduction Amtrust made for incorrect parts, which I've addressed in my findings.

So as both parties have replied, the case has been passed back 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.

As there were three failed attempts to repair the pet damage, Amtrust agreed to offer an alternative settlement. The policy that applies to Mrs W's cover says the following:

"The most the Insurer will pay under this Upholstery Protection Plan is limited to the original purchase price of your product and shall not exceed £15,000 (including VAT). If any item of furniture is replaced following a successful claim no further cover will be available under this Plan for that replacement item."

"If the item cannot be repaired, we may choose to replace the damaged part or provide a replacement item (whichever we see fit). Or we may settle the claim by giving you a payment of up to the cost of a repair or replacement."

And under the Insurance Product Information Document (IPID) it says under the heading; "What is covered?;"

"While there are no limitations to the number of claims you can make subject to the indemnity value on your plan, each claim will reduce any potential future settlement option."

So I'm satisfied that Amtrust can deduct the costs of previous (successful) repairs from a replacement settlement offer it makes.

Amtrust said it has offered a fair settlement to Mrs W. It has included a settlement payment of 50% of the purchase price Mrs W paid for matching items in line with our approach. The breakdown it provided to Mrs W was as follows:

"Amount paid for damaged items (2 seater sofa £500 and 1 recliner): £1,005

Amount paid for matching items (3 seater sofa £510 and foot stool £180): £690

Half of matching items: £345

Costs spent on previous repairs: £674.12

Re-selection value £675.88"

Mrs W asked Amtrust to provide a breakdown of the previous repair costs and how it reached its settlement amounts, but Amtrust didn't provide this to her.

When we asked Amtrust to provide a breakdown of the previous repairs, it provided the following:

Visit one : Supply Parts & Cost Effective Repairs - £101.50 for scuff and nail varnish damage. However, these repairs didn't last, so a replacement part was ordered at £125.75 with a delivery charge of £55.48.

A further visit took place to fit replacement parts which cost £34.40 but repairs couldn't be carried out as the wrong part was sent.

A further visit was carried out with successful repairs and this cost £226.49 (£187.95 for a replacement part plus £38.54 for delivery.) Costs to fit the part came to £130.50.

Mrs W asked for clarification on the following statement from my provisional decision:

“On reviewing their breakdown, Amtrust told us it should deduct the costs for the incorrect parts that were ordered, which I think is fair.”

I hadn't made it clear in my provisional decision that the deduction was from the total Amtrust had made from the settlement offer to Mrs W. I don't think Mrs W should receive a lower settlement sum as a result of incorrect parts.

But also included in the previous repair costs are the first failed repair costs of £101.50. I don't think it is fair for Amtrust to deduct this from a settlement offer to Mrs W, as these repairs failed, and second repairs were required. This isn't something I think Mrs W should be penalised for in a settlement sum.

I therefore think it is fair for Amtrust to deduct only the costs of the successful previous repairs which came to a total of £356.99. (£226.49 + £130.50).

This means I think a fair revised settlement offer should be £993.01. I couldn't reconcile the breakdown Amtrust provided with the amount of £674.12 it quoted to Mrs W.

When Amtrust wrote to Mrs W on 1 August 2023 to give options on settlement to replace the furniture, it provided her with an attachment titled “Conditions of Re-selection.”

The conditions say:

- “a) Furniture must be of similar specification as detailed on your original sales invoice*
- b) Reselection cannot include managers special or end of line items*
- c) We are unable to offer a re-selection from an alternative retailer*
- d) You may be liable for delivery cost if your indemnity is exceeded*
- e) A contribution towards the cost of replacement will be payable if your furniture exceeds the re-selection value offer”*

Under the Claims Procedure section of Mrs W's policy with Amtrust, it says where a repair isn't possible, it will replace the damaged item.

Part e: says;

“Any product replacement (at Guardsman's discretion) will be arranged by Guardsman and will be of a similar standard, specification and style as your original product, subject to the limit of cover.”

I cannot find where Amtrust specifies the re-selection conditions under the policy terms and conditions. So I cannot see how Mrs W was made aware of these conditions when she bought the policy. And Mrs W has explained that she bought the original furniture as an 'end of line' item. So this means it is impossible for her to meet both conditions 'a' and 'b'.

I don't find it unusual for an insurer to offer a lower cash settlement than a voucher settlement offer with a specified retailer. This is because often an insurer can obtain goods at a discounted rate from approved suppliers or retailers.

However, in this case I cannot see how the terms of the reselection Amtrust is imposing can be fairly applied to Mrs W in her circumstances.

So in this case I think the fairest outcome is for Amtrust to settle Mrs W's claim by paying her a cash settlement up to the value of her furniture, minus successful previous repair costs and with a 50% settlement for matching items.

I think Amtrust's failure to apply a fair deduction in the settlement offer it made to Mrs W in August 2023 has caused distress and inconvenience in addition to the impact of the delay in

dealing with her claim. Bearing in mind Mrs W first made her claim in August 2022, I don't think the compensation of £200 is enough and so I think Amtrust should increase the compensation by a further £200, to £400 in total.

My final decision

My final decision is that I uphold this complaint. I require Amtrust Europe Limited to do the following:

- Settle Mrs W's claim by paying a cash payment of £993.01.
- Pay interest on this sum from 1 August 2023 when Amtrust set out the lower settlement offer to the date it pays Mrs W at a rate of 8% simple interest a year.
- Pay Mrs W a further £200 compensation in addition to the £200 it's already paid for the distress and inconvenience caused.

Amtrust Europe Limited must pay the compensation within 28 days of the date on which we tell it Mrs W accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 22 February 2024.

Geraldine Newbold
Ombudsman