

The complaint

Mr N has complained about how Evolution Insurance Company Limited (Evolution) dealt with a claim under a home emergency policy.

What happened

Evolution sent an engineer to carry out a boiler service. The engineer said parts needed replacing. Evolution told Mr N the parts weren't covered by the policy, so it provided a quote for the parts. It also told Mr N the boiler was beyond economic repair. After Mr N queried it, Evolution changed the quote. When an engineer visited to fit a part, the engineer found the boiler's sump had split. The engineer said the boiler was "at risk". Evolution didn't provide cover to fix issues that made a boiler at risk. It provided a quote for the repair.

Mr N complained about the engineers' visits and the quotes. When Evolution replied, it said it accepted it had miscalculated the quote. It also offered a refund of one month's premium.

Mr N complained to Evolution again. When Evolution declared the boiler beyond economic repair, it had cancelled the policy. But Mr N found that Evolution had reinstated the policy and another payment had been taken from his bank account. He also thought the engineers had misdiagnosed the issues with the boiler because his own engineer had found a different issue with the boiler that had been a much cheaper repair.

When Evolution replied, it accepted it had reinstated the policy without telling Mr N. It said it needed to do this so an engineer could visit to carry out the repair. It also said it hadn't found evidence its engineers had misdiagnosed the boiler.

So, Mr N complained to this service. Our investigator upheld the complaint in part. She said she hadn't seen evidence the issues had been misdiagnosed. However, Evolution had provided poor service, including by providing conflicting information and by only quoting for one part when two needed to be replaced. She said Evolution should pay £150 compensation.

As Evolution didn't agree, the complaint was referred to me.

I issued my provisional decision on 20 December 2023. In my provisional decision, I explained the reasons why I was planning to uphold the complaint in part. I said:

Mr N complained about an engineer's visit and the recommendations made. The engineer visited to carry out a boiler service. Looking at the policy terms and conditions, a boiler service isn't provided under the insurance part of the policy. So, I can't consider what happened during the engineer's visit. I also can't consider how Evolution provided the quote and it changing it. It was a quote for private work not covered by the insurance policy. When the second engineer visited, this was to carry out privately paid for work. It wasn't under the insurance part of the policy. So, this visit also isn't something I can look at.

However, I can look at whether it was fair for Evolution to decide the repairs weren't covered by the insurance policy and that it declared the boiler as beyond economic repair. This is

because both were based on the terms and conditions of the insurance part of the policy. I can also look at the policy being reinstated and a premium being taken after Evolution told Mr N it had cancelled the policy.

So, I've looked at whether what the engineers found should have been repaired under the insurance policy, rather than dealt with as private work. The first engineer found that the injector and the gas valve needed to be replaced. It's my understanding that these were recommendations, rather than repairs required at that time. Looking at the policy wording, it didn't cover maintenance, including issues to avoid a future emergency or breakdown. So, this meant the work wasn't covered by the insurance part of the policy.

Evolution then quoted for the repair. However, when it did this, Evolution concluded that this made the boiler beyond economic repair (BER). Looking at the policy terms and conditions, these explained what the policy meant by beyond economic repair and said:

"Boilers have a working life of, usually, 7 to 20 years. Their value reduces over time. If, after an engineer visit and assessment, repair costs are estimated to be more than the current value of the boiler we will not be able to carry out a repair but will try to assist you with other options."

It also explained that when a boiler was beyond economic repair that it would normally cancel the policy.

Evolution decided the boiler was BER. It wrote to Mr N and explained how it had reached this decision. It also told him it was cancelling the policy. So, based on what I've currently seen, I don't think Mr N was entitled to a repair under the insurance policy.

When an Evolution engineer then visited to fit the injector, this was private work. The engineer said the boiler sump needed replacing. Evolution provided a quote for this work. Mr N then arranged for his own engineer to carry out a repair. He said his own engineer found a different issue, which was that the sump cover needed replacing. It was also a much cheaper repair. Mr N hasn't been able to provide evidence of what his engineer found and the basis for the charges. So, I'm not currently persuaded there is enough evidence to show that Evolution misdiagnosed the issues and I'm unable to consider what cover, if any, should have been provided under the insurance policy. I also note that Evolution agreed to fit the injector free of charge as a gesture of goodwill.

However, despite Evolution having told Mr N it had cancelled the policy, it then reinstated it and took another payment. When Evolution responded to Mr N's second complaint, it accepted it hadn't told Mr N the policy had been reinstated. It said it could either refund the premium or waive the early termination fee.

I asked Evolution for more details about the offer it made, including why it thought it was fair. When it replied, it said:

"The cost of the repair deemed [Mr N's] boiler to be BER and therefore his policy was cancelled in accordance with his [Evolution] Home Care policy terms and conditions. [Mr N] subsequently arranged for the work to be completed via his independent engineer which resolved his issues. This subsequently resulted in us being able to offer the cover to [Mr N]. [Mr N] ultimately received the benefit of the cover and therefore did not lose out on the premium that was taken. Had he not have advised the work was rectified we could not have reinstated his policy."

But, based on what I've seen, that wasn't what happened. The response to Mr N's second complaint said:

"As a result [of the boiler being deemed BER], our cancellation department contacted you and cancelled your agreement with immediate effect.

...

On 18th August 2023, our technical team authorized the repair free of charge as a gesture of goodwill and reinstated your policy to arrange an engineer's visit for you.

We profusely apologise for any inconvenience this situation has caused you. As you should have been informed regarding the reinstatement of your policy.

...

As you were not informed about the reinstatement of your policy, we offer you compensation of £16.19 for any inconvenience caused."

When Mr N rejected the £16.19 offered, Evolution said it could waive the cancellation fee instead.

So, according to Evolution it reinstated the policy to allow its own engineer to visit. It also accepted it had done this without Mr N's knowledge. According to Evolution's records, it was only on 22 August that its second engineer visited and diagnosed an issue with the sump. Mr N then arranged his own engineer. I don't think Evolution's more recent explanation of events fairly represents what happened, including why and when the policy was reinstated.

I also think it overstates the position to say Mr N received "benefit of cover". Evolution agreed to carry out private work. Its systems required there to be a policy in place for it to be able to send an engineer. It's not for me to say how Evolution's systems should work. But, Mr N had already been told it wasn't possible for Evolution to continue to provide him with cover and that it would cancel the policy. Mr N didn't know the policy had been reinstated or that more money was going to be taken from his bank account.

When Evolution responded to the complaint, it offered Mr N a refund of a premium it didn't have agreement to take or to waive a £48.57 cancellation fee to cancel a policy Mr N didn't know had been reinstated and seemed not to want. If he accepted the second option, Mr N would still have paid for a month's cover for a policy he hadn't agreed to being in place. I don't think that was a fair resolution to this complaint.

As a result, I currently intend to say Evolution should pay Mr N £16.19 which is equivalent to the premium it took without Mr N's agreement. It should also ensure it has cancelled the policy and without Mr N paying a cancellation charge. If Mr N has already been charged a cancellation fee, Evolution needs to refund it.

I've also thought about compensation. I think Evolution's customer service was poor. It reinstated Mr N's policy and took money from his bank account without telling him it was doing so. I also think it made Mr N an unfair offer to resolve the complaint when it accepted it hadn't told Mr N the policy had been reinstated. So, I intend to say Evolution should pay £150 compensation because of its customer service and the impact on Mr N of its actions.

For avoidance of doubt, Evolution needs to pay Mr N a total of £166.19 in response to this complaint, plus refunding any cancellation charges. This is different to the £16.19 it offered in response to Mr N's first complaint. He accepted that amount for the other complaint. Evolution knew this when it responded to the second complaint and said "We can provide you with a reimbursement of £16.19 equivalent to your one-month premium". This was a separate offer and for a different complaint.

I asked both parties to send me any more information or evidence they wanted me to look at by 17 January 2024.

Evolution replied and said it had nothing further to add. Mr N replied and said Evolution had continued to take monthly payments of £16.19 until December. So, he said he had been paying for months for nothing. He said when the policy expired on 16 December, Evolution confirmed that no further payment would be taken.

Following this, I told Evolution I also intended to require it to refund any premiums it had taken for the reinstated policy. Evolution replied and confirmed it would do this. I also told Mr N the position, which he confirmed he was satisfied with.

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 uphold this complaint in part and for the reasons given in my provisional decision. I also remain of the view that how I said this complaint should be resolved is fair, with the addition of all premiums being refunded for the reinstated policy.

Putting things right

Evolution should refund all premiums Mr N paid for the reinstated policy, refund any early cancellation charges and ensure the policy has been cancelled. It should also pay £150 compensation.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is upheld in part. I require Evolution Insurance Company Limited to:

- Refund to Mr N the premiums he paid for the reinstated policy.
- Ensure the policy has been cancelled.
- Refund any early cancellation charges it has charged Mr N.
- Pay £150 compensation.

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

Louise O'Sullivan
Ombudsman