

The complaint

Mrs B complains about how Acasta European Insurance Company Limited (“Acasta”) has handled a claim she made on a household guarantee.

Any reference to Acasta includes the actions of its agents.

What happened

The circumstances of this complaint are well known to both parties, so I’ve summarised events.

Mrs B has a household guarantee for an air source heat pump which was installed in November 2022. The policy provides two years cover for faulty workmanship from the date the pump is installed.

In December 2022, Mrs B made a claim saying the pump wasn’t meeting the demand of hot water needed for her household. Acasta declined the claim saying the policy only covered faulty workmanship and that it didn’t cover efficiency guarantees, nor did it cover faults which occurred prior to the supplier ceasing to trade.

Unhappy with Acasta’s decision, Mrs B brought a complaint to this Service. An Investigator initially said Acasta’s decision to decline the claim was fair as the issues with the pump arose before the supplier ceased trading.

However, on receipt of new information which showed the supplier ceased trading *before* the issues arose - and because these issues happened soon after installation - the investigator said Acasta needed to send an engineer to diagnose the cause of the problem. He said once it had done so, Acasta should then reconsider the claim. Acasta and Mrs B agreed to the Investigator’s recommendation, and that complaint with us has since closed.

The engineer inspected the pump in March 2023. But Acasta said it wanted to reattend as the engineer hadn’t provided enough detail in respect of the workmanship issues identified.

Whilst awaiting the second engineer’s visit, the property’s hot water stopped working. Mrs B says she contacted Acasta to bring her appointment forward but was instead advised she’d need to hire her own plumber – which she did. Mrs B says her plumber resolved the hot water issue and highlighted other issues with the pump’s system. Acasta subsequently declined the claim, saying the plumber’s work had invalidated the policy, as Mrs B hadn’t obtained written authorisation from Acasta that the repair could go ahead.

Unhappy, Mrs B brought a new complaint to this Service saying there’d been delays with how the claim had progressed since the first engineer’s visit, the communication had been poor, and Acasta had unfairly declined her claim again. She also said her energy bills had increased and she attributed this to Acasta failing to carry out a repair when it should have done.

Our Investigator was satisfied Acasta was aware of Mrs B’s dissatisfaction in relation to the

above points, and issued a view, upholding the complaint. Acasta didn't contest the scope of the complaint. The Investigator said Acasta had unfairly declined the claim saying the terms and conditions didn't say cover would be invalidated by the plumber's work, but that even if it did, Mrs B had no choice but to pay for a plumber as it was a home emergency (being that she had no hot water in winter), and a considerable amount of time had passed since the first claim in December 2022. He said any workmanship faults covered by the policy should have been resolved sooner. And he was satisfied Acasta had caused avoidable delays.

In upholding the complaint, the Investigator said:

- Acasta should repair the workmanship faults identified in the initial report.
- Pay £400 compensation for delays and inconvenience caused to Mrs B.
- Assess whether Mrs B's plumber's work would have been insured works – and if so, reimburse her the cost of this plus 8% simple annual interest from the date she paid the plumber to the date it's refunded.
- Assess whether Mrs B has paid additional energy costs as a result of a fault that would have been covered by the policy – and if so, whether reimbursement is required.

Mrs B accepted the Investigator's findings, but Acasta disagreed. It's response, however, didn't change the Investigator's mind. Because Acasta disagreed the complaint has been passed to me for an Ombudsman's 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.

I've also kept in mind Acasta's responsibility as an insurer to handle claims fairly, promptly and to not unreasonably reject them. Having done so, I agree with the outcome our Investigator reached. I'm upholding this complaint, and I'll explain why.

Declining the claim

The guarantee says *"This insurance is limited to the workmanship guarantee provided by the installer"* of Mrs B's pump. Meaning that any faults with the workmanship in the first two years following installation are covered. Here, Acasta has declined the claim for a second time – but this time has said that by Mrs B instructing her own plumber to restore hot water to her property – she's invalidated the cover.

Our Investigator didn't think this was fair as the policy terms and conditions don't refer to this. Acasta didn't provide a response to this particular point and so, it hasn't shown the exclusion exists and that it applies here. I've looked at the policy wording and I too can't see that the plumber's work will invalidate the policy – so I agree, Acasta has declined the claim unfairly.

But, even if the policy did refer to a third party's working invalidating the policy, given Acasta hasn't disputed telling Mrs B she'd need to instruct her own plumber, it was a home emergency, and she'd waited a more than reasonable amount of time for the second engineer to visit, I wouldn't consider it fair or reasonable for Acasta to rely on such an exclusion to absolve itself of responsibility.

So, based on the above, I'm satisfied Acasta has unfairly declined the claim, and it should now repair the workmanship faults identified.

For completeness, the engineer's report refers to the pump not being suitable for Mrs B's household, owing to the pump not being a sufficient size for the number of occupants. The engineer said this will affect its efficacy. Because this *isn't* the result of "workmanship faults", any issues regarding this aren't covered by the policy. So, I wouldn't expect Acasta to remedy this issue.

Plumber costs

Mrs B paid for a plumber to attend to the pump when hot water stopped at her property. I agree with our Investigator's position that as this occurred during the winter months - and Mrs B had already waited a more than reasonable amount of time for the second engineer to attend - she had no choice but to instruct her own plumber and incur costs. In any event, she says Acasta told her she'd need to appoint her own plumber - and it hasn't disputed this. So, I can't see how it's reasonable for Acasta to then decline cover, having seemingly told Mrs B to take certain action.

The claim is still ongoing and to date I don't believe Acasta has seen a copy of the plumber's report and invoice. To move this matter on, I would expect Acasta to consider this and determine if the works carried out by Mrs B's plumber would have been covered under the policy, then Acasta must cover the cost of this in line with the remaining policy terms and conditions. Mrs B will need to supply Acasta with the plumber's invoice and proof of payment, so it can determine this.

If, following review of this information, Mrs B is unhappy with Acasta's decision - she can make a new complaint about this specific matter. But she'd need to raise it with Acasta in the first instance before this Service can become involved.

Energy bills

Mrs B complains she's incurred higher energy bills because of Acasta failing to carry out repairs to her pump in a timely manner. In principle, I would consider it fair and reasonable for an insurer to cover additional ongoing costs that a consumer is experiencing across the life of a claim when it is at fault for unnecessary delays - and in turn the consumer is experience higher costs for longer than they should have.

But Mrs B hasn't provided any specific evidence to this Service or Acasta to date to support this. So based on what I have to go on, I won't interfere or make a specific direction on this. As the matter is still on going, I would expect Acasta to review these additional costs if Mrs B can demonstrate them.

If Mrs B is unhappy with Acasta's decision following this review - she would need to raise a new complaint about it with Acasta in the first instance.

Delays

From what I've seen, I agree Acasta has caused avoidable delays. Frustratingly for Mrs B, she's had her claim unfairly declined which has elongated not only the claim, but also the inconvenience she's suffered as a result. And I think this is compounded by the fact this is the second time her claim has been unfairly declined.

Acasta didn't keep Mrs B up to date following the first engineer's visit, and she had to spend time chasing up matters. This frustration was no doubt compounded by the lack of urgency

on Acasta's part in arranging the second engineer's visit, despite the need for a second visit being the result of the first engineer not doing a comprehensive report on the workmanship faults. I appreciate Acasta has said the second visit was necessary so a "full decision could be made" but this could have been avoided – and the delays which followed – if a detailed review and report had been carried out in the first instance. This, coupled with Acasta's seemingly unwillingness to bring forward the appointment having been made aware Mrs B didn't have hot water, satisfies me compensation is warranted here.

I'm aware there was a period of time where the claim didn't move forward because Mrs B was unavailable – so I'm not persuaded the entirety of the delays can be attributed to Acasta. But when I consider the claim holistically, I'm satisfied £400 is fair and reasonable in the circumstances.

My final decision

My final decision is I uphold this complaint and direct Acasta European Insurance Company Limited to:

- Repair the workmanship faults identified.
- Pay Mrs B £400 compensation. Acasta must pay the compensation within 28 days of the date on which we tell it Mrs B accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

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

Nicola Beakhust
Ombudsman