

The complaint

Mr M and Mrs M have complained about how AWP P&C S.A. (AWP) dealt with a claim under their home emergency policy.

As Mr M mainly seemed to deal with the claim and complaint, for ease, I will normally only refer to him.

What happened

Mr M contacted AWP to request an engineer when the circuit board failed in a heat pump that provided hot water for his home and for the wet underfloor heating. AWP agreed to send an engineer. However, AWP's contractor said it couldn't send an engineer because it didn't have any that were able to work on the type of heating pump in Mr M's home.

Mr M spoke to a company that could work on the heating system. He was quoted £2,000 for a pump. Mr M asked AWP if it could pay £1,000 towards the pump if he arranged his own engineer. AWP told Mr M it noted it was a warm air system, which was a policy exclusion. It said it couldn't provide any further assistance.

When Mr M complained, AWP said it should have declined the initial claim. It said the policy excluded cover for warm air heating systems. It noted Mr M had said it was an electric heat source pump not a warm air system. But, it said it was a warm air system and so wasn't covered by the policy. However, it offered £75 as a gesture of goodwill for the delays and misinformation.

So, Mr M complained to this Service. Our Investigator didn't uphold the complaint. She said the evidence provided by AWP showed why it had classified it as a warm air heating system. She said it was reasonable for AWP to decline the claim. She also said the £75 compensation it offered was reasonable in the circumstances.

Mr M didn't agree. He said it wasn't a warm air system and it didn't circulate warm air. So, the complaint was referred to me.

I issued my provisional decision on 18 September 2024. In my provisional decision, I explained the reasons why I was planning to uphold the complaint. I said:

"Mr M's claim was declined because AWP said the policy didn't cover warm air heating systems. The policy didn't define what a warm air heating system was. I'm also not an expert on heating systems. So, I've looked online at how a warm air heating system is described. Based on what I've seen, it is common to say that a warm air heating system draws in air from outside. The air is then heated by a gas flame and the warm air is then distributed around the home through vents, ducts or grilles.

But that isn't my understanding of what the system is in Mr M's home. The company that supplied Mr M's pump provided a statement, which AWP has seen, that said it wasn't "a warm air heating system as it draws air from the wet rooms in the house using the latent

heat in the ASHP [air source heat pump] to heat your hot water in the tank. Exhausted cold air is vented outside”.

So, from what I can see, Mr M's pump isn't part of what would normally be understood to be a warm air heating system. It draws air from wet rooms in the house, not from outside. It doesn't heat the air by a gas flame, it compresses it. It also heats hot water in a hot water tank, not to provide hot air through vents.

I'm aware that when AWP logged Mr M's claim, it recorded it as a “Heat pump warm air”. I don't know why it logged it in that way. I'm not persuaded this accurately described the pump in Mr M's home or meant that it was fair for AWP to decide he had a warm air heating system. I don't think it was fair for AWP to decline the claim based on Mr M having a warm air heating system.

When Mr M arranged for the pump supplier to assess the pump, it said the circuit board couldn't be replaced and that he needed a new pump. At one stage, AWP discussed with Mr M that if the pump was beyond economic repair that it would contribute £500, which was the amount the policy said it would contribute where a boiler was beyond economic repair, including where parts were no longer available. In the circumstances, I think it's fair for AWP to pay £500 towards his new pump because I don't think it fairly considered his claim or that it fairly applied the exclusion for a warm air heating system. I also think it should pay interest on that amount because Mr M lost use of the money.

I've also thought about compensation. I think AWP should pay Mr M a total of £150 compensation because I think it caused him frustration because of how it considered his claim. This includes the £75 it previously offered.”

I asked both parties to send me any more information or evidence they wanted me to look at by 2 October 2024. Both Mr M and AWP replied and said they didn't have any comments.

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 and for the reasons given in my provisional decision. I haven't found any reason to change my view about what is a fair and reasonable outcome to this complaint.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that this complaint is upheld. I require AWP P&C S.A. to:

- Pay Mr M and Mrs M £500 as a contribution towards the replacement pump.
- Pay 8% simple interest on that amount from the date on which it first declined the claim to the date on which it makes the payment.
- Pay Mr M and Mrs M a total of £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 31 October 2024.

Louise O'Sullivan
Ombudsman