

The complaint

Mr T complains about the response of Safe World Insurance Group (UK) Ltd ('Safe World') to a claim he made under a domestic property insurance backed guarantee.

Much of Mr T's dissatisfaction is related to the actions of agents acting on behalf of Safe World. As Safe World have accepted responsibility for the actions of their agents, in my decision any reference to Safe World should be interpreted as also covering the actions of their agents.

What happened

Mr T and Safe World are very familiar with the background to this complaint. Rather than repeat in detail what's already known to both parties, in my decision I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr T had a heat pump heating system installed in February 2022 by a third-party company I'll refer to as 'B1'. B1 registered the installation with a third-party company ('HIES'), that I'll refer to as 'B2'. B2 then provided an insurance backed guarantee ('the policy'), free to Mr T, that provided protection if B1 stopped trading and couldn't honour the terms of their written guarantee.

Shortly afterwards, Mr T identified issues with the installation of the system and its' performance. B1 initially responded. But after they stopped trading, Mr T registered a claim with Safe World under the policy. Safe World arranged for remedial works to be carried out.

Mr T was unhappy at the response to his claim and the service provided by Safe World. He raised a complaint, and as he remained unhappy with Safe World's response, he referred the complaint to our Service for an independent review. Our Investigator didn't recommend that the complaint be upheld and as Mr T remained unhappy, the complaint has been referred 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.

Our Service is an alternative, informal dispute resolution service. Although I may not address every point raised as part of this complaint - I have considered them. This isn't intended as a discourtesy to either party – it simply reflects the informal nature of our Service.

I make this point as a vast amount of evidence has been provided in this complaint. From hundreds of emails between Mr T and various parties linked to this dispute, to reports on the issues with the heat pump system. With no disrespect to either party here, I won't be replicating that level of detail in my decision. Our Service was set up to informally resolve disputes between financial businesses and consumers. I will concentrate on what I find to be the material matters in this complaint.

The scope of my decision

Mr T has emphasised his professional working experience as an engineer. At various points during his complaint journey he's also called into question the qualifications of our staff and the knowledge of Safe World. I'd remind Mr T that we weren't set up to be experts on heating systems or other plumbing matters. Likewise, Safe World will underwrite a whole array of risks. Like many insurers, they often will appoint agents or contractors in response to a claim and carry out repairs etc.

Returning to our Service, we are an evidence-based organisation and it's not our role to determine how a heating system was installed or what caused the operational issues Mr T is unhappy about. Our role is to determine if - on balance, Safe World have fairly and reasonably responded to this claim in line with the relevant terms. Mr T is not obliged to use our Service and is welcome to consider other, alternative dispute resolution channels – such as taking legal action to resolve his dispute with Safe World if he isn't satisfied with the approach our Service takes to considering complaints.

In my opinion, at the heart of this complaint is Mr T's dissatisfaction with the installation of the system and the overall performance not meeting his expectations. I need to be clear that although Mr T paid a lot of money to have this system installed, my decision only concerns the actions of Safe World when responding to the claim here under the relevant policy terms. I also won't be responding to every system issue raised as a problem by Mr T.

There were several parties involved with the background to this dispute. For example: the company that installed the system initially – 'B1'. There's also the company that arranged/issued the guarantee – 'B2', and the manufacturer of the heat pump – 'B3'. In my decision I may, on occasion, refer to those third-party companies, but I'm not considering their actions as they don't fall under my remit. This means that my decision won't acknowledge many points made by Mr T - as they're irrelevant to what I'm considering under my remit here.

The terms of Mr T's policy

The starting point in this complaint are the policy terms as it's clear there is a disconnect between Mr T's expectations of what Safe World should be responsible for and what their obligations are under the policy.

I've included relevant extracts below [bold added for emphasis]:

"We agree to provide the cover under the terms, conditions and exceptions contained in this Certificate of Cover and the Policy Terms and Conditions. This insurance covers any liability, loss or damage that we may be liable for during any period of cover for which a premium has been paid by your supplier, subject to the installation having been fully completed to your satisfaction, all negotiations with respect to the contract value concluded with full payment made and there being no defects evident in the installation."

I also note from B2's website, they're very clear in stating:

".... The insurance policy covers only what is written in the installation company's guarantee (subject to the insurer's terms & conditions).

To benefit from an IBG:

- ***Your installation must be fully completed to your satisfaction, free from defect...***

This is important because whilst some of the issues raised initially concerned the physical installation, but other issues such as the performance of the system arose after installation. In my opinion, it's clear that the intention of the policy is to respond to issues once installation has been completed to the satisfaction of the customer (Mr T). I note that B1 responded after installation to issues raised as part of that the installation, but before they ceased trading.

The policy terms also set out clearly the policy is intended to respond to a 'defect'. Defect is defined as:

*'a physical fault or error in the installation which was caused by the **defective workmanship** of the supplier or **defective materials** which were supplied by the supplier, which is specifically stated as being covered in the supplier's written guarantee, which they provided to you'.*

The policy then makes it clear that a defect does not include *'any representations made about the **performance of an installation or failure to achieve any level of performance. It does not include the design of the installation**' and **this insurance does not widen or increase the cover given by your suppliers contract or written guarantee**'.*

I've then referred to the 28-page contract and guarantee between Mr T and B1. Although I'm not considering B1 in this decision, this contract is very important as the Safe World policy intention isn't to go beyond what was agreed. I make this point as, for example, the bathroom radiator/towel rail has been mentioned on many occasions as a point of contention by Mr T – but it appears to have been fitted as per the contract.

The response to the claim

Mr T has referred on a number of occasions to earlier reports carried out to highlight what he says needs resolved. But the earlier opinions expressed by B1 or B2 aren't what I'm considering here. In addition, the report carried out by another company on behalf of Safe World in May 2023 ('B4') is immaterial to this decision - as B4 stopped communicating with Safe World, resulting in them finding another company to carry out the works.

It's clear that when Safe World were made aware of Mr T's claim it took much longer than either party would've liked to initially respond as they struggled to appoint a suitable contractor to carry out a site visit and any necessary remedial works. However, I can see that Safe World were proactive in regularly following up with relevant third-party companies to try and move the claim forward. I also note that Safe World considered allowing Mr T to appoint a local contractor and then reimbursing any outlay he incurred, but Mr T didn't want to avail of this.

Mr T was also regularly in contact with Safe World during this time. There were various delayed appointments/site visits in summer 2023, but these were rebooked shortly afterwards. It will undoubtedly have been frustrating for Mr T that it wasn't until September 2023 that remedial works were carried out, but overall I'm satisfied Safe World didn't avoidably cause delays whilst they were waiting to appoint a suitable contractor.

I'm satisfied that when Mr T made Safe World aware of further issues (lukewarm water when taking a shower, the pump tripping etc) they fairly investigated these. I do find that Safe World too heavily focused on Mr T's preference to not have all his radiators turned on as an explanation for the issues he was experiencing. A power flush took place, which was a fair

action by Safe World, but Mr T remained dissatisfied and he commissioned his own report with B3.

In his most recent email dated 7 January 2025, Mr T has said:

“When Safe World took on this work, they spent many months negotiating with contractors to get work done, after that was completed, the Safe World manager reported that the work should not have been done because it was against the rules, that shows that Safe World staff did not know what they should have been doing....”

If Mr W has had work completed by Safe World that went above and beyond the policy, that's in his best interest and not something I'd interfere with.

Mr T has referred to Safe World changing the rules. But I don't find that Safe World have introduced new terms or rules and, instead find that they have acted in line with the policy terms. There are two contracts here:

- Contract one is for the works carried out and was between Mr T and B1. If Mr T is unhappy with how the policy was positioned or advertised by B1 or B2, that's not the responsibility of Safe World.
- Contract two is a contract of insurance between Mr T and Safe World.

As mentioned above, as per the policy terms, the policy won't enhance or change the terms of what Mr T had initially agreed when getting this system installed. For example, the 'radiator list' from Mr T's contract shows what was fitted in the bathroom (towel rail) was what was agreed with Mr T prior to this policy coming into effect. Similarly, it seems the heat pump specified was installed and any concerns Mr T has about it not being large enough aren't the responsibility of Safe World. Therefore, I don't find Safe World have acted unreasonably when not agreeing to replace either of these items.

As per the policy terms, Safe World also aren't responsible for the original design of the installation/system. The terms make this clear. If Mr T is concerned about a prospective buyer in the future having an issue with the size of the pump, he'd need to act outside of the policy with Safe World.

There are various other points raised, such as pipe insulation and the location of water tanks, but I don't find that Safe World need to take any further action in relation to these points.

On balance, I'm satisfied Safe World have fairly responded to this claim in line with the policy terms and I won't be requiring them to do anything further. I note they made a gesture of goodwill offer to top up the anti-freeze level following the report Mr T commissioned with B3 and Mr T should speak to Safe World if he wishes to avail of their offer.

My decision will undoubtedly disappoint Mr T, but it brings to an end our Service's involvement in trying to informally resolve his dispute with Safe World.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 17 March 2025.

Daniel O'Shea
Ombudsman