

complaint

Mr F is unhappy with the service provided by Acromas Insurance Company Limited in relation to his home emergency insurance policy and that it has cancelled the policy.

background

Mr F took out the policy online on 11 November 2017. Within around 10 days his boiler developed an intermittent fault. Acromas told him that there was a waiting period of 14 days from the start date of any policy before it would accept a claim and so the repair of the boiler was not covered.

The problem persisted and Mr F called Acromas again. It sent an engineer out on 30 November 2017. The engineer said the boiler was working and the fault wasn't apparent but Mr F says he carried out a service of the boiler while he was there.

A few days before Christmas Mr F says the boiler broke down completely. Acromas told him that there were no engineers available until after Christmas but if he instructed his own engineer, it would reimburse any costs covered by the policy up to the policy limit. Mr F was unhappy with this.

An engineer was offered for 26 December 2017 but Mr F asked for an appointment on 27 December 2017 instead. The engineer recorded that the boiler was 17 years old and the "internal flue + flue grill corroded + fan broken + all needs changing". He said he'd order the parts.

Mr F says he heard nothing further until he chased Acromas on 12 January 2018, when he was told the repairs would not be covered and that it would cancel the policy and refund his premium. Mr F is extremely unhappy with this and has made a number of submissions, which I've summarised below:

- The policy documents were to be available to him within 24 hours of buying the policy but they were not.
- He took out this policy to avoid the need to find his own engineers in an emergency.
- He was without heating and hot water over Christmas.
- He purchased the policy in good faith, expecting to be covered for problems with his boiler.
- The first engineer stripped the boiler down and told him it was a good quality boiler. He found no problems and so he serviced it. There was no suggestion that it would not continue to be covered.
- The website and terms say that an initial inspection will be carried out to be sure Acromas will cover it but this was never done or requested.
- Acromas has breached the terms of his contract.
- The decision to cancel his policy was based on the availability of parts from the original manufacturer even though parts are still available from other stockists.
- By cancelling the policy Acromas has avoided the liability to pay him the £300 contribution to a new boiler that he would be entitled to under the policy where the boiler is deemed beyond economic repair.
- He has been forced to get quotes for a new boiler, which will cost over £2,000.
- Acromas credited his account with 1p less than the amount due (ie £203.88 when it should have been £203.89).

- Acromas had confirmed the contract was in place – it had been paid the annual premium two months earlier, had offered cover by coming out to try and find the fault and offer that he have the repairs done and be reimbursed.
- Mr F suggested that £500 compensation would be appropriate.

Acromas says the policy terms make clear that it needs to carry out an initial inspection and service of the boiler before cover is confirmed. It aims to do this within the first 42 days of cover but Mr F didn't call to arrange this. Mr F's boiler was corroded and this would need to be resolved before it could cover it but the boiler is now 17 years old and the parts are now obsolete. It therefore says it's entitled to cancel the policy. Acromas has also made a number of other submissions, which I've summarised below:

- It spoke to Mr F on 30 December 2017 and confirmed it would be 2 January 2018 before any parts would be available. He confirmed in that call that the boiler was still working intermittently, so he was not entirely without heating and hot water.
- It phoned Mr F and left a message on 4 January 2018 to tell him that the manufacturer was no longer selling the parts required.
- Its engineer didn't carry out a service – he was appointed to deal with a specific fault only. The initial inspection/service had not therefore taken place.
- It is therefore entitled to cancel the policy, having determined that the boiler would never have been covered.

One of our investigators looked into the case. He didn't recommend that it be upheld, as he thought Acromas was entitled to refuse cover.

Mr F doesn't accept the investigator's assessment, so the matter has been passed to me. The investigator has willingly accepted what Acromas has said but he was present, and his boiler was stripped down and cleaned, which amounts to a service. He has no doubt that if his boiler had continued working, this visit would have been treated as the initial inspection.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The policy that Mr F took out contains the following wording:

“General Exclusions applicable to all AA Home Membership levels...

1. Any incident which happens before the start of your cover ...or within the first 14 days of your cover...

Your initial inspection and annual service ensures that your boiler is in good working order and confirms that we are able to cover it ... We also need to ensure that your boiler has been installed correctly and is operating safely. The terms of your cover state that your main heating system can only be supported once it passes an initial inspection. Please note that if you call with a breakdown prior to our initial inspection we will attend however if your main heating system requires remedial work this will need to be carried out before we can deal with the breakdown...

We will aim to carry out an inspection and service of your boiler and central heating system at the same time and within 42 days of you taking out cover...to make sure we are

able to provide support and that it is in good working order. The appointment for the initial inspection and service will normally be booked around the time of purchase of this cover, but is subject to the availability of our engineers. We will provide you with full details of the work completed as well as any important information relating to your specific make/model

...If we identify a problem at the initial inspection, remedial work will need to be carried out (before servicing) to bring your boiler and/or central heating system up to a standard we can support. Any remedial work will be at your cost. We will provide you with an itemised quotation for any remedial work. If you do not want to carry out the remedial work we and/or the insurer reserve the right to cancel your policy and will provide you with a refund of your premium.”

Acromas has provided a screenshot that shows an email and a hard copy of the policy documents, containing the above wording and other references to the initial inspection and service, were sent to Mr F on 11 November 2017. Mr F disputes that he got those but I have no reason to doubt they were sent, even if they were not received. In any event, I don't think that it would make any difference to the outcome of this complaint. The terms would have been available for Mr F to view on the website when he first applied for the policy and Acromas is entitled to apply them.

Acromas told Mr F when he first reported the problem with his boiler that it wasn't covered as it had started within the first 14 days of cover. This is not an unusual term in such policies. It later agreed to attend and tried to resolve the fault and offered to reimburse Mr F if he got his own engineer. Mr F has however, confirmed that it was the same fault that had become more "persistent" which caused the attendance at the end of November 2017 and the end of December 2017.

Acromas did attend and did offer reimbursement of costs but that doesn't mean it is not entitled to enforce policy terms afterwards.

Mr F is adamant that the boiler was serviced. Acromas's engineer's notes from that visit say "*check over boiler and ok. Boiler was working on arrival.*"

There is no mention of stripping it down. While it is possible that the engineer did service it still and didn't record it. I have to consider what I think is most likely. This doesn't mean that I don't believe Mr F but as engineer's have to account for their time, I consider it unlikely that he carried out a service during this visit, given his record of the visit.

Acromas said it wasn't able repair/cover the boiler as there was remedial work (*i.e.* the corrosion) required that pre-dated the policy. In addition, the parts needed are obsolete as they are no longer being manufactured. Mr F says the parts needed are still available from other stockists and so suggests it's not irreparable. But that doesn't change the diagnosis that there was damage to the boiler that would need to have been repaired before any cover started.

If parts are no longer being made then it does make it more difficult for an insurer to be able to provide cover. I consider that Acromas was entitled to reach that decision here.

I can see that this may have been disappointing for Mr F as he thought he was covered but even if I agreed that Acromas should have told Mr F sooner that it couldn't provide the policy for him, I don't think that he has established that he'd be in any different position now.

The policy has been cancelled and premium refunded. Mr F would not have got any other policy that covered the claim, given that the intermittent problems had already started within ten days of him taking out this policy. And most policies have similar terms to those quoted above, or won't cover boilers of the age of Mr F's boiler at all. It follows therefore that I'm not satisfied that the inconvenience of having the faulty boiler over the Christmas period and the possibility of having to replace the boiler, is as a direct result of anything Acromas did wrong. Mr F would still have still been in this position.

Acromas has refunded the premium paid and also paid £75 compensation. Having taken into account all the circumstances, I don't consider I can reasonably ask Acromas to pay anything more.

my final decision

I don't uphold this complaint against Acromas Insurance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 10 October 2018.

Harriet McCarthy
ombudsman