

complaint

Mr C's complaint is that Swinton Group Ltd mis-sold him a central heating insurance policy.

background

Mr C bought a central heating insurance policy in 2015. The policy was sold by Swinton and underwritten by another company.

Mr C wanted to make a claim under the policy when his boiler broke down in March 2018. Mr C tried to contact Swinton about the claim but says he was unable to get in touch. He visited two branches but found they'd closed down. Mr C instructed his own gas engineer who advised the boiler was beyond economic repair and he therefore had it replaced, at a cost of £1,850.

When Mr C finally spoke to Swinton on 26 April 2018, it incorrectly told him it would send him a claim form. A few days later, Swinton provided him with the contact details of the underwriters so he could lodge a claim. Mr C then subsequently also had trouble contacting the underwriters. The underwriter told Mr C the policy would not cover a new boiler and it would also not cover the claim, as he had had work done before contacting it. The underwriters apparently offered him £150 compensation for the difficulties he had contacting them.

Mr C was very unhappy with the service provided by Swinton and says he was told when he bought the policy that it would cover anything that went wrong with his boiler. He was then told he could not claim because he had work done before contacting the underwriter but it had already acknowledged that it was at fault for the fact he could not get in contact.

Swinton says the policy was probably sold in a branch, it has no record of the sale but Mr C would have been provided with the policy documents setting out the relevant details of the underwriters and the details of cover. Swinton says it received no emails from Mr C and there was no problem with its telephone lines, so it doesn't know why Mr C had trouble contacting it.

One of our investigators looked into the case. He explained that Swinton is the broker and not responsible for handling claims under a policy. The investigator didn't think there was enough evidence that Mr C was mis-led about the cover when he took the policy out. However, he recommended that Swinton pay Mr C a total of £100 compensation, as it had not given him correct information and assistance when he had contacted it in April 2018.

Mr C did not accept the investigator's assessment. He says he spent £1,850 on a new boiler believing it was covered by the insurance. The recommendation by the investigator goes no way far enough to compensate him for this or the time involved. Mr C also provide details of the delay between the offer of compensation already made by Swinton and the cheque (which he confirms he has not yet cashed and which is now out of date).

Swinton doesn't accept the investigator's assessment either. It says it was generous in offering Mr C £50 compensation, which it did only in recognition of his personal circumstances. Its only failing was in telling Mr C it would send out a claim form to him on 26 April 2018 but this did not prevent him making a claim to the underwriter and did not cause him any detriment other than having to phone again a few days later.

As the investigator was unable to resolve the complaint, it has been passed to me.

my findings

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

I can't make any finding about whether the underwriter should have paid towards Mr C's new boiler or not as this decision is only about the role that Swinton played as a broker, in selling the policy to Mr C and in answering his attempt to claim under the policy. Any complaint about the refusal of the claim needs to be addressed to the underwriter directly.

Those selling insurance, such as Swinton in this case, have a responsibility to provide clear information about what is being provided and any other key information to allow a consumer to make an informed choice about what they are buying.

Mr C says Swinton mis-sold this policy to him, as it told him that anything that went wrong with his boiler would be covered. However, no policy of insurance will cover every single eventuality. Cover is usually provided for certain specified insured events, subject to terms and conditions. There is no contemporaneous documentary evidence from the sale of the policy. However, Swinton says the policy documents were sent to Mr C after he first took out the policy in 2015 and each year at renewal. I have no reason to doubt that.

The policy documents are reasonably clear about most aspects of the cover provided and work required to repair a boiler is covered up to a cost of £500 or £1,500, depending on the level of cover purchased. The policy doesn't say what would happen if the boiler is deemed to be beyond repair. However, very few central heating insurance policies will cover the cost of a replacement boiler. The ones that do, will generally only cover the replacement of a boiler that is less than seven years old, or that the insurer has installed itself. Some policies will cover a limited contribution towards the cost of a new boiler, however, in the event a claim for repair is not covered. But, as I've said I can't determine whether the underwriter should have made such a contribution in this case.

What this means is that the policy Mr C took out was not unusual. The terms were similar to other such policies and there is no convincing evidence that any misunderstanding he had about the level of cover provided was due to anything done wrong by Swinton. I have no reason to consider that Mr C would not have bought this policy, if he had known that a replacement boiler would not be covered. He wanted cover for the cost of repairs if his boiler went wrong and has not suggested he would not have gone ahead if he had known it would not pay for a replacement. And, even if Swinton did cause him to think a replacement boiler would be covered, he would not have been able to get a policy that would have covered the cost a new boiler and so his position would not be any different than it is – he would still have had to pay for a replacement boiler himself.

I do not therefore consider it has been established that Swinton mis-sold this policy.

With regard to the making of the claim, I note that Mr C visited two branches and found them to be closed down. I can understand the frustration this may have caused but I have no power to penalise Swinton for deciding to close branches. And there is no other convincing evidence of attempts to contact Swinton, such as by phone or email before Mr C replaced the boiler.

On 26 April 2018, Mr C was told Swinton would send a claim form out to him, he called back on 30 April and was then correctly put through to the underwriter. I am not persuaded that the incorrect information given on 26 April caused his claim not to be paid. I agree with Swinton that this did not have any significant detrimental effect on Mr C's position. He had already replaced his boiler and it was for the underwriter to determine if any part of this cost was covered by the policy or not.

I don't consider it has been established that if Mr C had been able to contact the underwriters on 26 April instead of 30 April 2018, that the claim would have been covered. However, I agree with the investigator that Swinton could have been more helpful and should have provided correct information on that first call. This did cause additional unnecessary inconvenience to Mr C, especially given his state of health (details of which he has provided to us). I therefore agree that the total sum of £100 compensation is not unreasonable.

my final decision

I uphold this complaint against Swinton Group Ltd in part and require it to pay Mr C £100 compensation for the distress and inconvenience caused by its handling of this matter (this is to include the £50 already offered).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 February 2020.

Harriet McCarthy
ombudsman