

## **complaint**

Mr T's complaint is about a central heating insurance policy sold to him by Dynamo Cover Limited.

## **background**

I issued a provisional decision on this matter in January 2020, part of which is copied below:

*"Mr T wanted to take out central heating insurance in January 2018. He was concerned to make sure that the policy would cover his boiler, as it was oil-powered rather than gas. Having received a quote from a comparison website, he phoned Dynamo to discuss this and was told that his oil-powered boiler would be covered. Based on this, Mr T took out the policy.*

*The policy came with an agreement that Mr T would be entitled to a free boiler service once the policy had been in place for four months. In April 2018, Mr T phoned Dynamo to arrange the service. Mr T says he kept being promised that someone would call him back to book this in but never was. Mr T says that he had to phone 12 times and on the twelfth call, he was told the policy doesn't cover his boiler, as it is oil-powered. Dynamo said it would therefore cancel the policy and refund the premium Mr T had paid.*

*Mr T is extremely unhappy about this. He says he was caused a great deal of stress and worry, as he realised he had not been insured at all and that his boiler was by then overdue a service by several months. Mr T says he immediately arranged for the boiler to be serviced, to ensure his home was safe for his family (as a cost of around £90) which also meant he had to take unpaid leave which lost him £175 pay. Mr T has asked for these amounts to be reimbursed and for compensation for the fact the policy was mis-sold to him.*

*Dynamo initially said it wasn't aware that Mr T's boiler was oil-powered when it first sold the policy and therefore it was not at fault for the fact Mr T was not eligible for cover. However, it subsequently said the boiler was in fact covered. There'd been a misunderstanding on its part as it had changed underwriters around the time Mr T was first told this and the new underwriter didn't cover oil-powered boilers but the policy provided to Mr T did cover them.*

*As Mr T had received a suitable policy with cover for his boiler, it was not mis-sold; Mr T received the cover he wanted.*

*Dynamo also said that by the time it refunded Mr T's premium, the policy had been in place for almost the full year anyway, so he had in effect received the cover free. Dynamo says Mr T has therefore been compensated for the misinformation given to him. Dynamo also said that the boiler service agreement is not part of the insurance cover and so any complaint about this is out of our jurisdiction.*

*One of our investigators looked into the matter. He agreed with Dynamo that the issues around the annual service are outside our jurisdiction and so he could not look into that. With regard to the allegation the policy was mis-sold and the misinformation given to Mr T about the cover, the investigator recommended that this complaint be upheld and that Dynamo pay Mr T £200 compensation for the distress and inconvenience caused to him.*

*Dynamo acknowledged that Mr T was inconvenienced and agreed to pay an additional £85 (in addition to the £115 premium refund) to total the £200 settlement recommended by the*

*investigator. It does not agree to pay an additional £200.*

*Mr T was still unhappy that he was out-of-pocket for the cost of the annual service and his lost pay however, he confirmed he accepts the investigator's recommendation.*

### ***jurisdiction***

*The investigator explained to both parties that we can look at the allegation of mis-sale of the policy, and the misinformation about the policy cover, as they are both insurance broker activities that are covered by our scheme, but we cannot look into the problems Mr T experienced in trying to book the annual service or the fact it was not carried out. This is because this was an agreement outside of the insurance policy itself. Although both were sold by Dynamo, we only have power to consider regulated activities and it is correct that the service agreement is outside our jurisdiction. That was not disputed but for completeness, I confirm that this is correct. Therefore I can't consider the delays experienced by Mr T in trying to book the annual service appointment and the fact he says he had to call twelve times to do so.*

### ***my findings***

*I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint about the sale of the policy and the effect on Mr T of the misinformation given to him about the cover.*

*Mr T was misinformed when he tried to arrange the annual service about the cover under his policy. This error on Dynamo's part continued even once the complaint came to us. It was only later that Dynamo confirmed this policy did in fact cover oil-powered boilers. Mr T says this is Dynamo covering up but his policy doesn't exclude oil-powered boilers. The policy did cover Mr T's boiler and so it was not mis-sold. It provided the cover Mr T specifically wanted. Dynamo refunded the premium for the policy but it didn't have to. It appears it did so because it was still under the misapprehension that the policy did not cover oil-powered boilers.*

*I have to consider what impact this misinformation had on Mr T. When the complaint came to us, he was greatly concerned that he had not in fact been insured at all, and that he and his family had potentially been put at risk. But as stated above this wasn't correct. His boiler had been insured.*

*However, I accept that Mr T was caused some inconvenience and worry. Dynamo should have been able to advise Mr T properly about the products it was selling. While I can't consider the service agreement, Mr T says he wasn't able to have the free annual service carried to because he was wrongly told his policy didn't cover him and so I think we can consider this as a possible financial loss arising from the misinformation given to him.*

*However, I don't intend to ask Dynamo to pay any more than the investigator has already recommended.*

*Mr T says he lost earnings to attend the annual service because he had to arrange it at short notice, as it was by then overdue. However, someone would always have to be present while the service was done and so, even if there were independent proof he had lost earnings (which there isn't) I am not persuaded this was a direct consequence of the error made by Dynamo.*

*Having taken everything into account, I consider that the £200 already recommended by the investigator, taken together with the refund of the premium (£115), is sufficient compensation for the distress and inconvenience caused by Dynamo wrongly telling Mr T the boiler wasn't covered. This takes account of the frustration caused and having to arrange and pay for the annual service privately.*

### **my provisional decision**

*I intend to uphold this complaint and require Dynamo Cover Limited to pay Mr T a total of £200 compensation for the distress and inconvenience caused by its handling of his policy (this is in addition to the refund of premium already made)."*

### **responses to my provisional decision**

I invited both parties to respond to my provisional decision with any further information or arguments they want considered.

Dynamo has confirmed it has nothing further to add.

Mr T is willing to accept the £200 compensation although he still considers that more compensation would be reasonable. He says the policy was mis-sold to him. Dynamo never told him that he had been covered all along. It cancelled the policy and refunded him, which is an admission that it was at fault and that the policy had been mis-sold. Dynamo has since told us that he was covered all along and blamed it on a change of underwriters but that sounds a "far fetched".

Mr T has also asked that I reconsider the matter of his claim for loss of earnings. He says he would not have been required to take unpaid leave if it were not for Dynamo's error. Instead his boiler was well overdue for a service, for all he knew it could have been dangerous; he could not take any chances and so had to take immediate unpaid leave from work to get the service carried out. He says he would not have needed to do this, if the service been booked in advance.

### **my findings**

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

I acknowledge that Dynamo still misunderstood the policy cover, even when the complaint first came to us. It was only after we were involved that it confirmed Mr T was covered after all. However, Dynamo's misunderstanding of that doesn't mean the policy was mis-sold. I have considered the terms of the policy sold to Mr T and there is no exclusion of oil-powered boilers. The policy does therefore cover oil-powered boilers – which is what Mr T wanted – so I do not consider that it was mis-sold. Even if it was however, the remedy for this would be a refund of the premiums, which Dynamo has already done. Mr T was however misinformed by Dynamo later on about the cover.

While I note Mr T's comments about his loss of earnings, I do not consider I can reasonably require Dynamo to pay him loss of earnings. As mentioned in my provisional decision there is no independent proof Mr T lost earnings as a result of being at home for a service to be carried out. But, even if there were, it did not necessarily have to be him in attendance; and,

while he felt he had to have the service done urgently, I am not convinced it was so urgent that it would not have been possible to schedule it at a time that would not have involved a financial loss to him. I do not therefore consider it is fair or reasonable to require Dynamo to pay him loss of earnings.

No other information or arguments have been provided, so I remain of the opinion that £200 is fair and reasonable to compensate Mr T for the misinformation given to him by Dynamo for the reasons set out in my provisional decision and copied above.

**my final decision**

I uphold this complaint and require Dynamo Cover Limited to pay Mr T a total of £200 compensation for the distress and inconvenience caused by its handling of his policy (this is in addition to the refund of premium already made).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 3 March 2020.

Harriet McCarthy  
**ombudsman**