

complaint

Mr K is unhappy with Acromas Insurance Company Limited's handling of his claim under a home emergency insurance policy.

background

Mr K contacted Acromas to make a claim for a partial breakdown of the heating system - the downstairs radiators were not working at all; the upstairs radiators were only heating up a little and the boiler was not firing up.

Acromas initially said that its policy only covered a total failure of the heating system and not incidents where there had only been a partial breakdown. He was also apparently told that if he left the fault until it got worse, it would not be covered as it would be deemed to be an existing problem. The following day, Mr K contacted Acromas again, as his boiler had now stopped working entirely. Acromas then agreed to send an engineer to his property who completed the repair.

Acromas also apparently told Mr K to contact his bank – which sold the policy as part of a package with his bank account – to pursue his complaint. This was not correct, the bank was not responsible for the handling of the claim (although it did provide a small amount of compensation) and it incorrectly told Mr K that the claim had been correctly declined.

Our adjudicator concluded that the claim should have been accepted on the day Mr K first reported it, as the policy does cover partial breakdowns of the heating system. He therefore recommended – and Acromas agreed – that it should pay the sum of £150 by way of compensation for the delay in properly dealing with the claim. This was also to reflect the fact that there was no proper heating for a day, which could have been avoided.

Although Acromas agreed, Mr K considers that he is due a higher amount by way of compensation and that Acromas should supply and install a new combination boiler for him.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mr K's policy clearly covers "complete or partial breakdown of the central heating system".

Acromas incorrectly refused Mr K's claim and also continued to apply that incorrect interpretation of the policy terms when he initially complained.

Mr K is concerned about why this error was made and potentially leaving him and his family without the assistance they were entitled to under the policy. It was only when he offered to pay for a call out and "begged them to help" that they did. Mr k says that he thinks it is a deliberate policy of Acromas to drag out the claims process in the hope that customers give up. He wants to know why it happened and why it has taken so long to get to this stage.

We do not regulate the insurance industry. Our remit instead is to deal with individual complaints and if appropriate make awards that try and put right what has gone wrong for an individual complainant. This may sometimes include awarding compensation to reflect the trouble and upset that may have been caused to a consumer. But this is not a penalty or a fine – we have no power to make such awards.

Therefore the compensation recommended by the adjudicator in this case was to reflect the inconvenience and upset caused to Mr K by the fact he did not receive the assistance he was entitled to; his claim was delayed by a day and he was without adequate heating during that time. It also reflects the problems caused by its handling of the complaint. There is no set tariff, or formula for working out what that should be but the £150 recommended by the adjudicator is in line with other awards made in similar circumstances, and I also consider it a reasonable amount to reflect the trouble caused to Mr K. I am not persuaded that it is fair or reasonable to require Acromas to replace his boiler as compensation for the delay in properly handling his claim.

I do share Mr K's concerns as to why the call-handler did not have better knowledge of the policy terms but, as stated I do not have the power to order any changes in their general practices. Although we do publish our decisions and it is hoped that the industry take note where improvements in general practice are required, we cannot require the insurer (or the industry generally) to change its practices.

final decision

I uphold this complaint against Acromas Insurance Company Limited and direct that it should pay the sum of £150 compensation to Mr K for the handling of his claim.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr K to accept or reject my decision before 22 January 2015.

Harriet McCarthy
ombudsman