

complaint

Mrs T has complained through her representative that PCJ Limited mis-sold her a home emergency policy and didn't later allow her to cancel it. Mrs T also says that PCJ Limited unfairly set up a Continuous Payment Authority ("CPA") for her to pay the monthly premiums for the policy.

background

In January 2016 following a sales call from PCJ Limited, a broker, Mrs T agreed to transfer her home emergency policy she had for her boiler so that she had one policy in place for her home. The policy was set up for 12 months and the premiums were paid monthly via Mrs T's debit card. The paperwork was all sent to Mrs T.

The home emergency policy provided, as a non-insured product, an annual service at a cost of £72. In June 2016 Mrs T had her boiler serviced. The engineer recommended that a part should be replaced. Mrs T made a claim for the part under her home emergency policy.

Mrs T's claim was declined as the insurer said replacing the part was a maintenance issue and not an emergency as the boiler was fully working. The insurer said the policy only covered emergencies.

Mrs T was very unhappy about her claim being turned down so sent an email to PCJ Limited to cancel her policy. PCJ Limited rang Mrs T and said if she cancelled the policy she would have to pay the cost of remaining monthly premiums together with an administration cancellation fee.

PCJ Limited offered to give Mrs T a 10% reduction on her policy's cost and Mrs T agreed not to cancel her policy. But she remained unhappy that she hadn't been able to cancel her policy and her representative complained to this service.

Our investigator didn't recommend that Mrs T's complaint should be upheld. He said that the policy terms were clear that if the policy was cancelled early costs would be incurred and PCJ Limited would be entitled to ask for those costs. This hadn't been unfair.

The investigator also said that the setting up of a CPA is often easier as it requires no paperwork. He didn't think this method of payment was unfair.

Mrs T and her representative disagreed with the view of our investigator. They said Mrs T had filled out a cancellation slip before renewal but the payments had continued to be taken and she'd been told she would need to pay the full yearly fee to cancel. Mrs T's bank had been unable to cancel the CPA when contacted by Mrs T.

The complaint was passed to me. I sent Mrs T and PCJ Limited a provisional decision setting out my initial thoughts along the following lines. I'd listened to the three calls made between PCJ Limited and Mrs T. The first two calls were when the policy was sold to Mrs T and the third when it had spoken to Mrs T about her wish to cancel the policy. I'd also seen the policy's terms and conditions.

In January 2016 PCJ Limited called Mrs T about taking out a new policy that covered amongst other things her boiler and central heating. Mrs T had an existing policy through PCJ Limited for her plumbing and drainage. At the time Mrs T had a policy with another company for her boiler. PCJ Limited explained how it could help cancel that policy if she completed a form and that she wouldn't be charged by the other company if she cancelled so long as she hadn't made a claim or had her boiler serviced during that policy's term.

PCJ Limited agreed to send all the policy documents to Mrs T so she could read them and decide if she would like to take out this home emergency policy. PCJ Limited told Mrs T to read the exclusions to check the cover was right for her.

One week later PCJ Limited rang Mrs T to see if she'd received the paperwork and whether she wanted to proceed to buy this policy. PCJ Limited told Mrs T that the new policy documents also included a change of insurer form for her to send to the company that currently insured her boiler.

During the call PCJ Limited offered to set up the policy on the phone and to arrange for the monthly payments to be made by "debit payment" and said the payments would be processed via Mrs T's debit card.

PCJ Limited also told Mrs T that if she wanted to cancel the policy after the first 14 day cooling off period she must write to the address in the policy document and that there would be a £30 administration fee applied in the first year. It also said that if a claim had been paid under the policy at the time it was cancelled then the premiums would still need to be paid to cover that.

Mrs T agreed to take out the policy. But in July 2016 Mrs T wrote to PCJ Limited to cancel it as she'd been unhappy about the cover it had provided. She said she hadn't been made aware of the policy's exclusion.

PCJ Limited explained that she could cancel the policy but she would still need to pay the remaining premiums together with a £30 administration fee. It said this was in line with the terms and conditions. As a gesture of goodwill it offered Mrs T a 10% reduction on the cost of the policy which would reduce the monthly costs until she could cancel the policy at the end of its term. Mrs T agreed to the offer and didn't cancel the policy.

I appreciated Mrs T felt that the policy's terms and conditions weren't explained fully to her. But PCJ Limited had explained it was "emergency" cover and that she should read the exclusions carefully to check the cover offered was right for her. Mrs T had had the policy's terms for a few days before PCJ Limited rang again and she agreed to take the policy out.

It's usual for home emergency insurance policies to only provide cover for breakdowns. And I didn't think it was likely Mrs T would've been able to find a policy that provided cover for the cost of maintaining her boiler. So I didn't think PCJ Limited had misled Mrs T about the cover that was provided.

I also thought PCJ Limited was clear with Mrs T about how to cancel the policy. It explained during the sales call that if Mrs T cancelled after the cooling off period then

the remaining premiums would need to be paid if she'd made a claim and that in the first year there would also be a £30 administration fee. This was also set out clearly in the policy under the section "*How to cancel your policy*".

I'd seen that the £30 administration fee was contained in a separate section to the cancellation term but PCJ Limited had told Mrs T that this would be added in the first year so I thought she was aware it would be applied.

So looking at the evidence I didn't think PCJ Limited mis-sold Mrs T the policy, I also didn't think it had unfairly stopped her from cancelling it when she wanted. Mrs T had had her boiler serviced and so under the policy's terms and conditions was liable for the remaining monthly premiums.

Mrs T and her representative were unhappy about the CPA being set up to pay the premiums rather than a direct debit. Although these work differently from a direct debit as they allow the company to take money there is still a legal right for the cardholder to stop the payments by instructing the bank to do so. I didn't know why Mrs T's bank had said it couldn't, but it may have been that she didn't give enough notice. If Mrs T thought she'd given the bank enough notice and was unhappy with the fact it didn't cancel the payment then she could complain to the bank about that.

Looking at CPA's, I couldn't reasonably say this method of payment was unfair and unreasonable. It's widely used as a way of paying for various insurance policies.

I didn't intend to uphold Mrs T's complaint as I didn't think PCJ Limited had acted unfairly in the way it sold and set up the policy.

Neither Mrs T, her representative nor PCJ Limited have sent me any comments on my provisional decision.

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've not changed my view and so for the reasons provided above I'm not upholding Mrs T's complaint.

my final decision

I'm not upholding Mrs T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 11 July 2018.

Jocelyn Griffith
ombudsman