

complaint

Ms T's complaint is about the renewal of a home emergency insurance policy with OVO (S) Home Services Limited, trading as SSE Home Services Limited.

background

In July 2017, Ms T took out a boiler rescue product with SSE. This provided a one-off repair of her boiler at no charge, provided she took a 12 month insurance policy at the same time. The policy consists of two parts, one the boiler breakdown insurance contract and the boiler service contract. Both parts of the contract were to last for 12 months. The last premium for that policy year was due on 20 July 2018.

When the contracts were due to be renewed, they renewed automatically. Ms T is unhappy with this and says she tried several times to call and cancel the contracts but could never get through. Ms T says she therefore cancelled her direct debit instruction.

SSE says that the direct debit instruction was cancelled before the last payment for the policy year 2017 to 2018 had been taken and so Ms T owes a month's premium for that year. It also says that fees apply for the cancellation of the policy for the year July 2018 – 2019 and it carried out an annual boiler service within the new policy year (2018-2019) in August 2018.

SSE therefore says Ms T needs to refund the cost of the service (£87.84) and pay a cancellation fee for the insurance policy of £21.73. It says it has waived the £5 administration charge and the £16.90 premium for July 2018 (*i.e.* the last month's premium for the 2017-2018 policy year – only £10.80 of this is for the insurance policy). SSE wrote to Ms T on 12 September 2018 to say it had not been able to collect the direct debits and so was cancelling the policy, in line with the terms of the policy. It also said that there was a balance of £109.57 to pay (£87.84 for the service contract and £21.73 for the insurance contract).

SSE also wrote to Ms T on 26 September, 10 October and 22 October 2018 but she did not respond to these letters.

Ms T is very unhappy about this and has made a number of submissions, which I've summarised below:

- she is being harassed for payment for services she has not asked for or received.
- She only wanted the policy for one year to cover a repair of her boiler, as she couldn't afford to pay for it in one go.
- When she received the renewal documents she tried to call but the premium rate number was never answered, so she cancelled the direct debit. No other option to cancel was provided.
- Insurers should not auto-renew without clear consent from a customer.
- After a two month delay the engineer serviced her boiler but then SSE charged her for that when it was paid for as part of the price for the previous year.

One of our adjudicators looked into the complaint. He said that we could only consider the insurance policy and not the charges being made for the annual service policy, so he could not consider whether it was reasonable for SSE to try and charge for the service carried out in August 2018. He concluded that it would be reasonable for Ms T to pay for the last month of the 2017/2018 policy (*i.e.* £10.80) and the first month of the 2018/2019 policy (*i.e.* £12.96)

as she had a number of methods with which she could have cancelled cover and, save for calling SSE, she didn't use these methods. The adjudicator said this means that Ms T owes £23.76 for the two missed payments, so he thought the £21.73 requested by SSE for the insurance policy was fair and reasonable.

Ms T does not accept the adjudicator's assessment. She says we are biased as we are paid for by SSE and it is a conflict of interest. She is also in financial difficulties.

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

my findings

As the adjudicator explained, we aren't able to consider every complaint that's brought to us. We're governed by rules called the DISP Rules, which can be found in the Financial Conduct Authority's (FCA's) Handbook. These rules detail which businesses we can consider a complaint against and they also detail what type of complaints we can look at. The DISP rules limit what we can look at by reference to the type of activity the business was doing which led to the complaint. In order for us to look at a complaint, it has to be about an activity, which the DISP rules say is a 'regulated activity'. The activities listed as regulated activities don't include providing services for a boiler, boiler installation, boiler repairs or a service agreement, where these are not being done under an insurance policy. Regulated activities do include effecting and carrying out a contract of insurance, among other things.

What this means is that I can consider the part of Ms T's complaint that relates to the insurance contract (whether any premiums are due for the 2017-2018 and 2018 -2019 policy years and whether SSE is entitled to charge a cancellation fee) but not the part of Ms T's complaint that relates to the service contract (so I can't consider whether it is fair or reasonable for Ms T to pay the £87.84 for the service in August 2018).

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

We are an independent service free for consumers to use. The reason we are able to provide a free service to consumers, is because we are funded by the financial services industry. Some of this funding is through levies and some funding comes from fees charged for each case. The fee is the same, regardless of the outcome of the case. We are entirely independent and have to consider what I consider is fair and reasonable in all the circumstances of the case, having regard to the law, relevant regulations and industry practice. Being independent also means that we are not partial to any one party, so in determining what is fair and reasonable we have to take account of what's fair and reasonable to both parties. We are not a consumer champion.

I understand Ms T is in financial difficulties however, my remit is to determine whether SSE has acted fairly and reasonably in relation to the insurance policy it provided and whether any monies are owed.

It is clear that as Ms T had cancelled her direct debit prior to the end of the 2017/2018 policy and one premium was still owed. However, SSE agreed to waive that premium, which seems reasonable to me.

SSE says the policy then renewed and two more premiums were missed.

Ms T's policy says that unless she tells SSE otherwise, it will automatically renew at the end of the policy year. This is not an uncommon arrangement and is not inherently unfair, provided consumers are made aware of it. I am satisfied that Ms T was made aware in sufficient time that her policy would automatically renew in July 2018. I'll explain why.

SSE sent the renewal documents to Ms T on 3 July 2018. The policy was due to renew on 24 July 2018. It provided clear information about the premium for the year and that this would renew automatically unless she contacted it. It also said that she could cancel within 14 days of the renewal date - so she had until 7 August 2018 to do so: *"Simply give us a call or return the cancellation form found within the enclosed booklet."* Both the July 2017 and July 2018 documents provided four telephone numbers, an email address and a postal address to use if a customer wanted to cancel the policy.

Ms T says she tried to call but was unable to get through, so she cancelled her direct debit but began to receive demands for payment to be made. She did not apparently write and email or complete the cancellation form. I am not therefore persuaded that it was unreasonable for SSE to have tried to renew the policy cover.

However, having said that I do not consider that SSE is entitled to any premiums for the 2018-2019 policy year after the renewal date. I say this because while the policy terms make clear that cancelling the direct debit mid-term will not cancel the cover and SSE is still entitled to any premiums, the position is not the same at renewal.

The key facts sheet sent to Ms T with the welcome letter in July 2017, also states:

"If for any reason we are unable to take a payment for automatic renewal you will no longer be covered and your policy will be cancelled with immediate effect."

The policy document also says: *"If you pay by Direct Debit, credit /debit card we will automatically renew your Agreement after this time, unless you tell us before the renewal date you do not want to renew. ...If for any reason we are unable to take a payment for renewal then you will no longer be covered until we receive payment..."*

You will be responsible for the cost of the product until the date the product ceases, either at renewal date or if you cancel before renewal date and you will be responsible for paying the termination charge."

In my opinion therefore it is clear that, as SSE was unable to take any payment for the new policy year 2018- 2019, the policy ceased at the end of the previous policy year. On the basis of the SSE's own terms and conditions, cover ceased at the end of the 2017-2018 policy year and it is not therefore entitled to any payment for 2018-2019. It cannot therefore ask for the £21.73 for the two monthly premiums for that year. It has already waived the last premium due for the previous year. I do not therefore consider that anything is due for the insurance cover.

As mentioned above, I am not however able to make any determination about the service contract and whether it is fair for Ms T to be charged for the service of her boiler in August 2018.

my final decision

I uphold this complaint against OVO (S) Home Services Limited, trading as SSE Home Services Limited. It is my decision that it cannot require Ms T to pay the £21.73 (or any other amount) towards the insurance policy for 2017-2018 or 2018-2019.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 2 May 2020.

Harriet McCarthy
ombudsman