

## **complaint**

Ms J complains that a boiler insurance policy was mis-sold to her by Homeserve Membership Limited, as she thought the policy she had would provide a replacement boiler.

## **background**

Homeserve offer a 'standard' and 'skinny' Cover 8 policy. The standard policy does provide replacement boiler cover (if the insured boiler is less than seven years old), the 'skinny' policy only provides a fixed benefit of £200, in the event that the insured's boiler is deemed to be uneconomical to repair.

Homeserve says that Ms J took out the skinny policy during a telephone call in September 2009, as part of a combined package of insurance policies. Ms J says she bought the standard policy.

In 2014 she made a claim for her boiler. The engineer apparently diagnosed that the pump needed to be replaced but later it was decided the boiler needed to be replaced. Initially, Ms J was incorrectly told the boiler could be replaced under the policy if necessary, then she was told it wouldn't be replaced and then assured this was a mistake before being told finally that the policy would not cover replacements. But in April 2014 she was told that as it was beyond economic repair and she would instead receive the benefit of £200.

Ms J was unhappy with this but Homeserve maintained that it had dealt with the claim on the correct policy terms. Homeserve's review of the sale was that, without listening to the sales call, even if it did mis-sell the policy, as she had used the policy each year the normal redress of refunding the premiums wouldn't be appropriate. It did, however, offer £50 compensation for giving Ms J the wrong information about her cover when she first reported the claim.

Homeserve also says that the boiler only needed to be replaced because Ms J continued to use it after its engineer told her not to.

One of our adjudicators looked into the case. He didn't recommend that it be upheld. He didn't think, having listened to the sales call, that either Ms J bought the standard policy or that the policy she had was mis-sold.

Ms J doesn't accept the adjudicator's view. She has made the following submissions;

- The sale was on an advised basis.
- She asked specifically if the cover was standard and was told it was – therefore this is irrefutable proof she was sold the 'standard' policy
- She was repeatedly told that it was comprehensive cover and so she thought it was the best level of cover she could get.
- The description that the agent gave about the Complete Cover/Cover 8 policy did not match the service received – "this indicates that fraudulent misrepresentation has also occurred on the part of the business".
- She has been "prejudiced and treated unfairly, shabbily by the firm".
- Homeserve identified her as one of the Cover 8 customers that had been affected by mis-selling, following the Financial Conduct Authority's ("FCA") investigation into its business, and it instigated the review of the way the policy was sold to her.

- She doesn't consider that it carried out this review properly and in accordance with FCA guidance: it failed to explain the full cover, the price or any other alternatives, meaning that she wasn't given sufficient information to decide whether it was suitable for her at that time either and so it was also mis-sold to her at the review in March 2014.
- She thinks she paid the premiums for the full Complete Cover/Cover 8 policy from 2009-2014 (up until her boiler broke down). She did query the premiums at one stage, as they were higher than other customers were paying.
- The policy terms and conditions set out on the Homeserve website are for the standard policy that includes boiler replacement and doesn't indicate that there is another version of the policy, which is misleading.
- The boiler wasn't beyond repair because it had been used against advice. It wouldn't work at all, so she couldn't have turned it on anyway.
- She asked the contractors sent by Homeserve to quote for a new boiler and they told her they hadn't said it was beyond economic repair because she had used it after pump had failed; and they no longer work with Homeserve.

Ms J wants compensation for the mis-sale, which should include the full cost of replacing her boiler; compensation for the "emotional, psychological, and financial harm that it has inflicted" on her; compensation for the poor handling of her complaint; and for Homeserve to pay her the difference in premiums between the skinny Cover 8 policy and standard Cover 8 policy for the duration of the policy term.

As the complaint couldn't be resolved, it has been referred to me.

### **my findings**

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

Those selling insurance have a number of obligations and responsibilities, including providing sufficient evidence in a clear and fair way such that the buyer can make an informed choice. If they are also advising the consumer to take the policy then they also have to ensure as far as possible that it is suitable for them.

I agree with Ms J that the sale probably did amount to an advised sale. Although Homeserve's representative did not make a specific recommendation she made a number of comments that made to seem like a good deal for Ms J and that it would therefore be suitable for her needs.

Ms J told the representative that her boiler had only recently been installed and was still under the manufacturer's warranty – therefore it would seem to me that the 'skinny' version was the more appropriate cover. She paid £344.11 for this version as opposed to the standard version which would have included boiler replacement, which would have been £629.64 according to Homeserve.

I don't think that referring to standard cover or the cover being comprehensive was misleading at the time. I don't think that this meant Ms J had a reasonable expectation that her boiler would be replaced under the policy she agreed to take. And she had no knowledge of the 'standard' cover 8 policy that would lead her to think she had that version.

I also don't think that Homeserve had any obligation to tell her about the other version of the policy during the sale. However, even if it should have done so, it would seem to me that Ms J wouldn't have agreed to it, given the age of her boiler and the difference in price. I also note that Ms J asked during the sale whether the policy was available without any boiler cover included at all. So, I don't think she would have agreed to pay almost £300 more for the standard version anyway.

Ms J has also said that the terms that are on Homeserve's website are for the 'standard' policy only and this is also misleading. However, there is no suggestion that she relied on the terms she has accessed on the website to make her decision about buying the policy in 2009, or renewing it in subsequent years. Therefore, this doesn't mean that her policy was mis-sold to her. Ms J was sent the policy terms for the version of the policy that she bought, in 2009 and each year that she renewed the cover.

Given that I don't think the policy was mis-sold. There's also no evidence to suggest that the decision to deem the boiler as beyond economic repair wasn't correct. A number of major parts had failed. I make no finding about whether the boiler was turned on again or not – although I have no reason to doubt what Ms J says about this – because it's not necessary in order for me to decide the outcome of the complaint. Given that I don't think the policy was mis-sold; that Homeserve shouldn't have declared the boiler beyond economic repair or that it was required to replace the boiler, it follows that I don't think Homeserve needs to pay Ms J the compensation she asked for.

#### **my final decision**

I don't uphold this complaint against Homeserve Membership Limited.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms J to accept or reject my decision before 16 July 2015.

Harriet McCarthy  
**ombudsman**