

complaint

Mr S is complaining that Homeserve Membership Limited ('Homeserve') cancelled his home emergency insurance policy after his boiler became heavily contaminated and didn't work properly. He thinks Homeserve caused this contamination.

background

Mr S had a home emergency policy for his boiler over a number of years. It used to be provided by a different business – who I shall call HES – and the policy transferred to Homeserve in March 2017. The policy provided by Homeserve was underwritten by a separate insurer.

Mr S's boiler stopped working correctly and Homeserve arranged for an engineer to inspect it. The engineer said that the system was heavily contaminated. A series of repairs were carried out, including an attempt to decontaminate the system by carrying out a chemical clean, but these weren't successful. So Homeserve gave Mr S 28 days to clear the decontamination or it said it would cancel the policy. Mr S didn't do so, so the policy was cancelled. However, Homeserve took a further payment for the annual premium after it cancelled the policy. It refunded this to him and also paid compensatory interest.

Homeserve acknowledged that it didn't respond or acknowledge Mr S's concerns as quickly as it should have done, which it said caused delays in the handling of the claim. So it offered him £100 in compensation.

Our adjudicator said that we couldn't look at the majority of the complaint as it wasn't in our jurisdiction – in particular in respect to the way the claim was handled. He said he could look at the way that Homeserve had administered the insurance policy. And he thought it had caused some delays. But he thought £100 was fair compensation.

Mr S didn't agree that we couldn't look at this complaint. He said Homeserve is a regulated company and he provided the terms and conditions which he says show that the policy it provided was a regulated insurance policy. He says £100 doesn't come close to covering the financial losses, distress and inconvenience this matter has caused him.

The complaint has now been passed to me to decide.

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 think there are three fundamental issues that Mr S is effectively raising:

1. Did Homeserve or the previous policy provider cause the contamination?
2. Was it fair that Mr S was told he had to pay to fix the contamination or the policy would be cancelled?
3. Has Homeserve offered fair compensation for the customer service it's provided?

The adjudicator said that we can't look at points (1) and (2) in this complaint. I appreciate Mr S feels strongly about this, but I agree with the adjudicator. I know this will disappoint Mr S, but I'll explain why we can't look at this.

did Homeserve or the previous policy provider cause the contamination?

Mr S thinks that the contamination may have occurred during a repair carried out in 2016 – in particular when the heater exchanger was replaced. Mr S's home emergency policy was provided by HES at the time, not Homeserve.

The Financial Ombudsman Service isn't able to consider every complaint that we're asked to look at. Our powers to consider complaints are set out in the Financial Services and Markets Act 2000 (FSMA) and in rules, known as the Dispute Resolution Rules (DISP) written by the FCA in accordance with the powers it derives from FSMA. These form part of the FCA Handbook.

This service is only able to consider complaints against businesses that came under either our compulsory or voluntary jurisdiction at the time the issue took place. This service hasn't ever had jurisdiction to consider complaints about the actions of HES. So even if the policy was a regulated policy at the time, as we are unable to consider the actions of HES, we can't consider this aspect of the complaint.

Mr S has provided his policy documentation which he says shows that the policy was regulated and that we can consider complaints relating to it. But this policy relates to the cover provided since it was transferred to Homeserve in March 2017. And this was after the work which Mr S thinks caused the contamination.

was it fair that Mr S was told he had to pay to fix the contamination or the policy would be cancelled?

In this complaint I can only look at the actions of Homeserve. While the policy is sold and administered by Homeserve, it's not the insurer of the policy. And it's ultimately the insurer who's responsible for the way that the claim was handled. I can't hold Homeserve responsible for this. And Mr S will have to direct this aspect of the complaint to the insurer.

has Homeserve offered fair compensation for the customer service it's provided?

As the broker and administrator of the policy, Homeserve had a responsibility to respond to Mr S's queries in a reasonable timeframe and arrange for them to be actioned accordingly. I've reviewed the communication between Mr S and Homeserve. And this shows that there were a number of emails that Homeserve didn't respond to within a fair timeframe. I don't think the communication surrounding the cancellation of the policy was adequate either. I can't see that Homeserve made it clear to Mr S that it had cancelled the policy. And it appears that Mr S only found out about this a few months later.

However, Homeserve has already offered Mr S £100 in compensation and I think that's fair compensation. I appreciate that Mr S feels that this doesn't come close to covering the financial losses, distress and inconvenience this matter has caused him. But I think the majority of his unhappiness in this matter is due to the fact that his boiler hasn't been repaired. And as I said, I'm unable to consider that in this complaint.

my final decision

For the reasons I've set out above, it's my final decision that I think Homeserve Membership Limited has offered fair compensation for the distress and inconvenience Mr S has suffered

as a result of the way it's administered the policy. It should pay this to Mr S directly. But I'm unable to consider Mr S's complaint about whether Homeserve, or HES caused the boiler to be contaminated or that it wasn't repaired under the home emergency policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 March 2019.

Guy Mitchell
ombudsman