

complaint

Ms D is complaining that Aviva Insurance Limited (Aviva) hasn't covered a claim she made on her home emergency insurance policy for the breakdown of her boiler.

background

Ms D's boiler broke down, so she asked Aviva to arrange for an engineer to fix it under her home emergency insurance policy. Aviva arranged for a contractor to attend, but it cancelled the appointment as the engineer it had booked wasn't familiar with Ms D's type of boiler and it said it would have to arrange a different engineer to carry out the repair.

The next day an engineer came to fix it. But Ms D says he left abruptly shortly afterwards after calling his office. Ms D then called Aviva and she was told it doesn't cover her type of boiler any longer. But it said it would still arrange for an engineer to come and fix the boiler and was told that the engineer would call her directly to book the appointment.

Ms D didn't hear anything further so she contacted Aviva again, but she was told that it wouldn't be sending an engineer now as the boiler isn't covered. So Ms D had to pay to have the boiler fixed herself.

Ms D complained to Aviva and said that, when she renewed the policy, she spoke with Aviva to ensure the policy was suitable. And she says that she said it was important her boiler was covered. Ms D says that, if she'd known the boiler wasn't covered, she would've taken out a different policy which did cover the boiler.

Aviva said that the terms and conditions of the policy say that her type of boiler isn't covered. It says that it was Ms D's responsibility to read the policy terms. It also says that Ms D didn't ask whether her make of boiler was covered when she called at renewal. But it offered her £40 in compensation for the confusion it caused during the claim process.

Ms D didn't agree with Aviva, so she asked this service to step in.

I provisionally upheld this complaint. I said that the regulations insurers are required to follow require insurers to highlight key and significant terms of a policy outside of the main terms and conditions. I said we would consider a term to be key or significant if it would have a key impact on the consumer's decision to take out this type of policy.

I thought it was clear that covering her boiler would've been one of the main things that Ms D would've wanted the policy to do. Given the term in question excludes all cover for her boiler, I thought it fell within the category of a key and/or significant term. So I said Aviva needed to highlight this to her when she first took out the policy and again at renewal.

I said I appreciated that it was in the terms and conditions. But I didn't think that was clear enough. I said, had Aviva explained this to her clearly, I didn't think she would've taken out this policy and would've sourced a different policy that did cover her boiler. And she would've then been covered for the claim.

Aviva didn't agree. It said it was clearly set out in the terms and conditions of the policy that it doesn't cover Ms D's type of boiler. And it says it was Ms D's responsibility to read the policy terms.

It said Ms D initially took out the policy online so it says it wasn't possible to discuss the policy terms with her. It also says it's not feasible to highlight each and every thing the policy doesn't cover. It says that the documentation it gave to Ms D at the beginning clearly highlights how important it is to read the policy terms to understand what cover she has.

But it said that, as a gesture of goodwill, it was willing to pay a further £150 to Ms D and refund the premiums Ms D paid. But it didn't think it should have to cover the claim as the terms of the policy specifically excludes cover.

Ms D didn't accept Aviva's latest offer.

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 still think this complaint should be upheld and I'll now explain why.

Aviva has said that it doesn't know what more it could do to highlight policy restrictions other than ask that the customer reads the policy terms. But I don't agree.

The simple fact is that it's a regulatory requirement that insurers highlight all key and significant terms *outside* of the policy terms. It's not enough to ask a customer to read the terms and conditions. Most insurers do this by including a policy summary or key facts document. And I haven't seen anything to show that Aviva did this.

Aviva says that it can't be required to highlight each and every term of the policy. And I agree with that. But it still has to highlight the key and significant terms. As I said before, a key and/or significant term is one which would have an impact on the customer's decision making process.

In taking out a home emergency insurance policy, one of the main things that the policyholder will want to be covered is their boiler. In deciding whether to take out this insurance policy, I think it would be important for the applicant to know whether their boiler is covered or not. So I think the term in question was a significant term. I think Ms D has lost out because Aviva didn't highlight this to her. So Aviva needs to compensate her for this.

In compensating Ms D, Aviva needs to put her back in the position she would've been in had it highlighted this term. I think it's *most* likely that she wouldn't have taken out this policy and would've taken out a different policy that would've covered her boiler. Had she done that, she would've been covered for the breakdown. And she wouldn't have to pay to have the boiler fixed herself. So, due to Aviva's error, Ms D has lost out by having to pay to have her boiler fixed. Given this, I still think Aviva needs to cover this loss.

Given what I've said above, I think Aviva needs to do the following to put things right:

1. refund the £375 Ms D paid to fix the boiler;
2. pay 8% simple interest from when she paid the £375 until she gets it back. Aviva is required to deduct basic rate tax from this. But it should give her a certificate showing how much it's taken off if she asks for one;
3. pay a further £150 in compensation for the trouble and upset caused.

my final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint. I require Aviva Insurance Limited to do the following to put things right:

1. refund the £375 Ms D paid to fix the boiler;
2. pay 8% simple interest from when she paid it until she gets it back, less tax if correctly deducted;
3. pay a further £150 in compensation for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 17 May 2018.

Guy Mitchell
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