

complaint

Miss H complains that Insure Group Limited should refund payments of premium under a home emergency insurance policy.

background

Miss H took out a policy in June 2016. It included repairs of her central heating boiler and an annual service. She agreed to pay a yearly premium of £198.00 by monthly instalments of £16.50.

Where I refer to Insure Group I include its call-handlers and others for whose actions I hold it responsible.

In March 2019 Miss H complained that she had cancelled the agreement from June 2017. As Insure Group had continued to take monthly payments - she asked it to refund her.

On 1 April 2019, Insure Group said it would refund £72.00 for each of two annual boiler services it hadn't done.

In its final response on about 10 April 2019, Insure Group referred to the policy years commencing June 2017 and June 2018. For the year from June 2017 it said it would refund £72.00 for the boiler service it hadn't done in that year. For the policy year June 2018 to June 2019 Miss H had paid ten out of twelve instalments. So Insure Group offered two alternatives. It offered a pro-rata refund (which I think meant ten twelfths of £72.00). Alternatively it offered to do a service if Miss H paid the two remaining instalments.

our investigator's opinion

Our investigator recommended that the complaint should be upheld in part. She thought that Miss H was likely to have cancelled her policy at renewal. She recommended that Insure Group should:

1. refund the premiums taken since June 2017 to March 2019; and
2. pay 8% simple interest.

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my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Miss H and to Insure Group on 6 August 2019. I summarise my findings:

Insure Group had been taking payments each month. No doubt they showed up on Miss H's account statements. And she hadn't explained why – if she'd rung to cancel - she didn't notice and complain about the payments until March 2019.

Whilst she was dissatisfied in January 2017, I wasn't minded to find that anything prompted Miss H to ring to cancel the policy before she stopped her payments in March 2019.

Therefore I didn't find it fair and reasonable to order a refund of the instalments of premium.

Subject to any further information from Miss H or from Insure Group, my provisional decision was that I wasn't minded to uphold this complaint. I didn't intend to direct Insure Group Limited to do anything further in response to this complaint.

Insure Group hasn't responded to the provisional decision.

Miss H disagrees with the provisional decision. She says, in summary, that:

- Her boiler was only one year old when taking out the insurance (this was mentioned in the letter when escalating her complaint to the CEO). When applying for the insurance she stipulated that her annual service was due in November/December to ensure the warranty was upheld.
- She doesn't have any further boiler insurance as it is currently under warranty (it came with 7 year warranty on the condition that it is annually serviced).
- The price of the insurance incorporates the costs of the annual boiler service which was not performed for 2 years so the boiler service isn't an ancillary by-product but a service she paid for and wasn't supplied.
- She has numerous direct debits and standard orders; unfortunately they are not always easily identifiable due to the name not always being the same as the company name. Due to this and the relatively low value it was over looked.
- It was brought to her attention that she was still paying for this cancelled policy when the insurer contacted her as they didn't have all the information they need to process her direct debit – she's surprised they didn't identify this call when investigating the complaint. The change in her direct debit details possibly occurred when her bank had fraudulent activity.
- She did not receive any annual renewal reminders (which is a legal obligation) – she believes the insurer cannot prove that the mail merge was processed. It would make no sense for her to continue with a policy she didn't need when not receiving the service that she did need.
- She has no assurance from the insurer that 100% of calls are recorded a 100% of the time and stored a 100% of the time. She has no confidence in their processes.
- She has demonstrated on several occasions that the insurer does not have sufficient process and policies in place to which she has now become a victim too.
- She doesn't believe she should pay for a service that was not provided.
- She doesn't believe she should pay for an insurance policy that was cancelled.

- She has attached her annual service log
- The fault is clearly with the insurer.

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 accept that Miss H had a boiler that was quite new when she took out the policy in June 2016. I have no reason to doubt her statement that the boiler had a seven-year warranty, provided that it was serviced yearly.

The annual boiler services were described in the policy terms as non-insurance services. And the Financial Ombudsman Service can only deal with complaints about regulated activities, such as insurance, or about activities ancillary to regulated activities.

But Miss H's complaint is that she had cancelled the insurance policy for the years from June 2017 and June 2018. So I don't think it makes any difference whether the annual services were ancillary to the insurance policy.

The policy terms said that annual services would usually be done in the summer months. But I accept that Miss H thought the annual boiler service was due in about December 2016 and she complained before it was done in January 2017. So the relevant point is that – rightly or wrongly - she felt dissatisfied about the annual service in that year.

But the policy also provided cover in the event that the boiler broke down. And in any event I think the real question isn't what Miss H felt but what she did.

I think she is saying that – despite not receiving a renewal reminder – she rang to cancel the policy in about June 2017.

A renewal letter is a routine requirement. And in its final response letter, a representative of Insure Group said the following:

"I have searched our mail merge system and can confirm that renewal invitations were sent to you in the post on 17/05/2017 and 23/05/2018, which included a copy of your schedule, the cost and what is covered under your policy."

So I find it more likely than not that Insure Group sent the renewal reminder in about June 2017. But that's not to say that Miss H received it. As there may have been a problem with delivery, I'm prepared to accept her statement that she didn't receive it.

But if she didn't receive the reminder then Miss H might've explained what else prompted her to ring and cancel the policy. And neither she nor Insure Group has any record of such a call.

And I've looked at her later emails. On 1 April 2019 her email included the following:

"Due the service I received with the attempt to arrange a boiler service I decided not to renew the policy after the first year, it likely I would have cancelled this by phone"

I've added the underling of the words I find a bit tentative. Later Miss H became more certain that she had cancelled by telephone.

I accept that Insure Group didn't do an annual boiler service after January 2017. Miss H says that she paid an alternative company to do two boiler services. She has sent us a copy of her service book, showing a service in November 2017. Miss H has said she didn't have any boiler breakdown cover.

As with the renewal reminder in about June 2017, I find it more likely than not that Insure Group sent the renewal reminder in about June 2018. It would've been unlucky to have delivery problems two years running. But I'm prepared to accept Miss H's statement that she didn't receive the 2018 reminder.

The service book also shows a service in November 2018. And she has said she didn't have any boiler breakdown cover.

Insure Group had been taking payments each month. No doubt they showed up on Miss H's account statements. And she says that – although she'd rung to cancel - she didn't notice and complain about the payments until March 2019.

She was dissatisfied in January 2017. And, in response to the provisional decision she has suggested that in early 2019 she had changed her direct debits as a result of fraudulent activity. I accept that Insure Group contacted her to chase payment.

However I don't find that anything prompted Miss H to ring to cancel the policy before she stopped her payments in March 2019. I'm not persuaded that she did cancel the policy from June 2017. Therefore I don't find it fair and reasonable to order a refund of the instalments of premium.

As it was in a final response letter, I expect Insure Group to keep open the offer to make refunds for the annual services it didn't provide in the policy years commencing June 2017 and June 2018.

my final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Insure Group Limited to do anything further in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 20 September 2019.

Christopher Gilbert
ombudsman