

The complaint

Mr and Mrs L complain about the AA Underwriting Insurance Company Limited's (AA) settlement of their claim under their home emergency policy.

What happened

Mr and Mrs L noticed that sewage was in their garden. They contacted an independent contractor who advised them that there was likely a blockage and a collapsed drain. They advised that the cost to complete the repairs was £1,112.05. So, Mr and Mrs L contacted the AA to make a claim. It referred them to its contractor who Mr and Mrs L said told them that they could get their own contractors to carry out the repair, as they didn't have availability to send an engineer. Mrs L said that the AA contractors also didn't tell them that the AA would only pay up to the amount that it would've cost the AA to carry out the repairs.

Because of this, Mr and Mrs L organised for the independent contractor to carry out the repairs and paid the £1,112.05. They contacted the AA to get full reimbursement of the costs. But the AA said that it would only reimburse the amount that it would've paid for its contractor to carry out the work. And this was £316.79 (this included the deduction of the excess).

Mr and Mrs L complained to the AA as they said that its contractor had told them to get the work completed with their own contractors. And they had been advised that there was no availability, so as they needed the use of their facilities, and due to the health issue of a family member, they couldn't wait. In its final response, the AA maintained its position and only agreed to refund the £316.79.

As Mr and Mrs L were given their referral rights, they referred a complaint to our service. One of our investigators considered the complaint and ultimately didn't think it should be upheld. The AA had provided a call note of Mrs L's initial call, and this showed that it was Mr and Mrs L who had told the AA that they wanted to use their own contractor. Further, she said that neither Mr or Mrs L obtained the authorisation from the AA to use their own contractor, which was a policy term and condition. So, there was nothing further that she could reasonably ask the AA to do.

The AA accepted the view, Mr and Mrs L did not. They questioned the veracity of the call note, as the AA had for many months said that there was no actual call recording available. They disputed that they'd only wanted their contractors to carry out the work. And maintained that they were advised to use their own contractors. So, they asked for a decision from an ombudsman.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

Having done so, I won't uphold this complaint, for much the same reasons as our investigator. I understand that this might be a disappointment to Mr and Mrs L, but I hope my findings go some way in explaining why I've reached this decision.

I have considered all the evidence that both parties have provided me with. And having reviewed it, I think that the main issue is whether the AA was fair to settle the claim on the basis of what it would've paid its contractor to carry out the repairs.

The starting point of any dispute is the contract between the parties. In this complaint, that is, the policy terms and conditions that both parties sign up to and gives the framework of the parties obligations.

Under the home emergency section of the policy, it states:

'If you have a home emergency you must report the emergency to us in the first instance for emergency repairs to your home. We will only pay charges of repairs instructed by us'

I haven't been provided with any evidence from Mr and Mrs L that they were not aware of this term in the policy. Nor have I been provided with any evidence that they didn't understand the term. I think the term clearly outlines the obligations by both parties.

That is, if there is a home emergency, the consumer should contact the AA and report it, for the AA to carry out the repair. Further, the AA will only pay for charges of repairs that were instructed by them. I haven't seen enough evidence from Mr and Mrs L that they had obtained the authority from the AA that said that it would pay for the charges.

Mr and Mrs L said that they had been told by the AA contractors that they could get their own engineers to carry out the repairs. And that they had been told this during the initial call. They said they had also been told that there was no current availability. The AA were unable to provide a copy of the call recording. But it did provide a call note. The note stated that Mr and Mrs L *'would like to use their own engineer to do the work'*.

Further, there is no evidence to suggest that the AA's chosen contractor didn't have any availability or that the AA were given the opportunity to instruct another contractor to carry out the work. The evidence suggest on the balance of probabilities, that Mr and Mrs L wanted to use their own contractor.

Although I understand that Mr and Mrs L are not impressed by the AA's position, I can't agree that the AA were unreasonable in settling the claim for the amount it would've cost, for its contractors to carry out the repairs. Consequently, I'm unable to ask the AA to do anything further to resolve this complaint.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L and Mrs L to accept or reject my decision before 6 September 2023.

Ayisha Savage

Ombudsman