

The complaint

Mr W and Miss C have complained about their landlord home emergency insurer U K Insurance Limited (UKI) – it failed to assist them with a claim, so they think it's mis-sold them their policies for their three let properties.

What happened

Mr W and Miss C were made aware of a leak at one of the properties they let on 20 December 2022. They advised the tenant to call UKI – the policy in question advertises that UKI will deal directly with the tenants and deal swiftly (within 4 hours) with the emergency. However, when Mr W checked in with the tenants a couple of hours later, he learned they had been unable to make contact with UKI. Mr W became involved in trying to remedy the situation. A few days later the matter remained unresolved, but Mr W did manage to speak to UKI. He was told to arrange his own repairer, which he did.

Mr W and Miss C, noting they had specifically taken out the policy because of the support it purported to give to landlords, felt the three policies they had had been mis-sold to them. They asked UKI to refund all three policy premiums (totalling £240.75). UKI accepted that the service provided in December 2022 had been poor, it apologised to Mr W and Miss C, paid £50 compensation and invited Mr W to send it the invoice for repair so it could reimburse his outlay. It felt that was a fair and reasonable response and it didn't accept the policies had been mis-sold merely due to this one instance of service failings. Mr W and Miss C complained to the Financial Ombudsman Service.

Our Investigator felt that the service from UKI had been poor and that the compensation it had offered should reasonably be increased to £100 to better reflect the upset caused. But she didn't think the failings in service, regarding one of the three policies, meant the policies had been mis-sold. So she wasn't minded to require UKI to reimburse the policy premiums.

UKI agreed. Mr W and Miss C said they had taken the policies for the very specific purpose of the advertised support – and they hadn't received that. So they said it was clear the policies were not fit for purpose and, as such, had been mis-sold to them. They said, however, they wanted the whole situation to come to an end. They said that in settlement of their mis-sale complaint they would accept a compensation payment from UKI of £182 (on top of the £50 it had already paid), this being the invoice amount for emergency repairs of £132 plus the additional £50 compensation already recommended by our Investigator. They felt this should be agreeable to UKI as it had agreed to pay the £132.00 upon sight of invoices and the £50 recommended by our Investigator. Mr W and Miss C noted this would leave them with a net loss of £8.25 in total against the premium refunds they had asked for, given the £50 compensation UKI had already paid – but they'd settle for that.

Our Investigator shared Mr W and Miss C's request with UKI. But it wasn't minded to agree to pay more. Our investigator confirmed to Mr W and Miss C that she was satisfied that her compensation award was fair and reasonable in the circumstances for the upset she accepted UKI's service failings had caused. The complaint was referred for an Ombudsman's consideration.

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.

I note UKI accepts that it failed Mr W and Miss C on this occasion. As it accepts that I don't need to consider that further. What I need to do is look at what the fair and reasonable remedy is for that. Whilst I know that Mr W and Miss C feel this is an issue of mis-sale, I don't agree the policies were mis-sold to them. This is not a case where UKI sold something it does not offer. Rather, whilst implementing the service sold, UKI was unable to meet the standards it had set out and agreed to deliver. Fair and reasonable compensation for such a failing is not to declare the policies were mis-sold. Rather it is to compensate fairly and reasonably for the losses incurred.

Mr W and Miss C had a cost to repair the property. UKI agreed as part of its complaint response to progress the claim for emergency repairs and reimburse Mr W and Miss C's outlay once presented with an invoice evidencing the loss. I think that is fair and reasonable in the circumstances. It, as closely as reasonably possible, puts Mr W and Miss C back into the position they would have been in but for UKI's failings i.e. having made a successful claim without suffering a cost for completing repairs. Mr W and Miss C had the chance to present their invoice before complaining to us but I understand they wanted to wait until their complaint was completed. As UKI's offer was fair and reasonable, I won't direct it to do anything more in this respect at this time. If Mr W and Miss C want to present proof of their outlay to UKI for it to progress their claim, they are free to do so.

There also though, is the distress and inconvenience suffered because of UKI's failure to handle the emergency for Mr W and Miss C. This caused them to have to make many calls and, ultimately, arrange the repairs. I also understand that they were caused some worry because the tenants were put to more inconvenience than they'd reasonably expected they would have suffered during this type of situation had UKI provided the service promised. But I bear in mind that this all happened over the period of just a few days. In the circumstances, I'm satisfied that fair and reasonable compensation for distress and inconvenience caused here is £100. UKI has paid £50 already, so that leaves it with £50 to now pay.

For clarity, I'm aware that UKI has also made a compensation payment to the tenants. That is a separate issue to the award I have made here and does not affect what I am saying UKI should now pay to settle Mr W and Miss C's complaint.

Putting things right

I require UKI to pay a further £50 compensation, making total compensation due £100 where £50 has already been paid.

My final decision

I uphold this complaint in part. I require U K Insurance Limited to provide the redress set out above at "Putting things right".

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C and Mr W to accept or reject my decision before 3 August 2023.

Fiona Robinson
Ombudsman