

ombudsman news

essential reading for people interested in financial complaints – and how to prevent or settle them

the most wonderful time of year?

It's now almost a tradition for the beginning of the festive season to be declared when the big retailers' Christmas adverts appear. These yearly offerings inevitably hint at the wonderful time we can look forward to – full of family, friends and games in the snow (and of course, the purchases that will make it extra special).

But for many people, the festive season isn't quite as perfect as they'd like it to be. For some, it can be a very trying time – whether it's because of financial worries or difficult personal circumstances. And even if there's reason to be cheerful to begin with, it can be particularly stressful if things later go wrong.

This issue of *ombudsman news* looks at a problems that can – and do – arise around this time of year. We look at faulty presents, storm damage, broken boilers and even a spoilt surprise.

As well as the practicalities of handling complaints, I think these cases illustrate two important points. First, they show how the festive period can make problems all the more stressful.



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Ombudsman
Service



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Caroline Wayman

Second, and more importantly, they show just how unique people's personal circumstances are. And how putting things right means looking at how the people involved were affected – and what that problem felt like for them.

It's these individual circumstances that we look into in every complaint we see. A fair outcome for one person might not be fair for someone else. It's our job to listen – and help both sides move on. To do that, it's not enough for us to be sure that our decisions are fair.

We also need to make sure people *feel* that our decisions are fair.

That applies equally to businesses and consumers. We know that for smaller businesses in particular, receiving a complaint – let alone over Christmas – can be extremely worrying and stressful. In this month's *ombudsman focus*, we look at the feedback we've received from businesses this year – and how we've responded.

We'll be doing even more work in the new year to make sure we're giving the best service we can to everyone who uses us. But for now, I hope you enjoy this issue of *ombudsman news* and have a very restful festive season, whatever you have planned.

Caroline

... the festive period can make problems all the more stressful

Financial Ombudsman Service
Exchange Tower
London E14 9SR
switchboard 020 7964 1000

consumer helpline
Monday to Friday 8am to 8pm and
Saturday 9am to 1pm
0800 023 4567 or 0300 123 9 123

technical advice desk
020 7964 1400
Monday to Friday 9am to 5pm

follow us online



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winter complaints

From buying car insurance to transferring wages – and from paying a mortgage to taking out a payday loan – people use financial services all year round. For the ombudsman, this means that, for the most part, the mix of problems we see isn't dependent on the season.

But every year, we see cases where the time of year is especially relevant. And in this *ombudsman news*, we look at complaints where winter, or the festive period, is a factor.

The time of year can have a bearing for two reasons. On the one hand, some problems are more likely to arise during winter. For example, when people begin to use their central heating again, they might find there's a problem – and make a claim on their boiler breakdown cover. Or if there's a spell of particularly poor weather,

the number of buildings insurance claims could be particularly high. Inevitably, each year a number of these claims escalate into complaints to the ombudsman – and our approach to them is well-established.

On the other hand, there are complaints where the season increases the impact of something going wrong – although the problem isn't directly related to the time of year. For example, it's understandable that having to sort out a debt problem over the festive period might be particularly stressful – at a time when people hope to relax and enjoy themselves, and services and helplines can be reduced or unavailable. So it's important that businesses recognise and address the wider, non-financial consequences of any mistake.



... the engineer's mistake had left Mr C without heating from the evening of Christmas Eve to the morning of 27 December

case study 122/1

consumer complains about boiler breakdown cover – after being left without heating over Christmas

When Mr C's central heating stopped working one December, he made a claim on his boiler breakdown cover.

The insurer sent an engineer out the next day – Christmas Eve. The engineer said that Mr C's boiler had a faulty part, which needed replacing. He explained that in its current state, the boiler was "at risk" – meaning it constituted a "danger to life or property". The engineer said they would need to order the part, and someone would come back to install it on 27 December. But until the boiler could be repaired, it would have to be disconnected.

Mr C had no choice but to agree to this – and to spend Christmas without heating. But he decided to get a second opinion before making any more arrangements with the insurer. So on 27 December, he called out a local engineer.

This engineer didn't find anything wrong with the part in question. But she did find a blockage in the pipes. Once she'd cleared the blockage and reconnected the boiler, Mr C's central heating started working again.

Feeling he'd unnecessarily spent a very cold Christmas, Mr C complained to the insurer. He said he'd taken out the breakdown cover for peace of mind – but when he'd come to rely on it, he'd been let down.

The insurer accepted that their engineer had misdiagnosed the problem. They offered to refund the local engineer's bill – as well as two months' installments of the breakdown cover, worth around £90, to recognise that they'd let him down. They also offered Mr C £200 to make up for the inconvenience of being without heating over Christmas.

However, Mr C didn't think this was enough – and asked for our view.

complaint not upheld

Being without central heating would be inconvenient for anyone. But we needed to establish how much of the inconvenience Mr C had experienced was down to the insurer.

We asked the insurer whether their engineer could have resolved the problem on Christmas Eve if they'd correctly diagnosed the problem. They confirmed that the engineer wouldn't have disconnected the boiler – and that Mr C's central heating could have been fixed the same day.

This meant the engineer's mistake had left Mr C without heating from the evening of Christmas Eve to the morning of 27 December. We asked Mr C whether anything else in his home had been affected – and he told us that he'd still been able to use his shower, oven and hob.

In the circumstances, we thought the insurer had done enough to make up for the impact of their engineer's error – and for the fact that the service Mr C had paid for had let him down. When we explained this to Mr C, he said that he would let the matter go – but that he wouldn't be renewing the breakdown cover.

case study 122/2

consumers complain when finance company rejects section 75 claim – saying snow caused roof damage

After reading an advert in their local paper, Mr and Mrs H arranged for a company to protect the roof of their house. The process involved washing, treating and sealing the roof to prevent damage. Because the works cost several thousand pounds, Mr and Mrs H decided to pay under a finance arrangement.

Around 18 months later – in December – there was heavy snowfall. As the snow thawed, Mrs H noticed damp marks on the ceiling. When Mr H went outside to check the roof, he saw that there was a hole in it.

The roof protection process had come with a ten-year guarantee. Disappointed that it seemed to have failed, Mr H phoned the roofing company. However, all he got was a recorded message saying the company had gone into administration.

... they didn't think that the roof protection work was to blame. In their view, the heavy snowfall had caused the damage

Mr H searched online to see if anyone else had had a similar problem. He read that, by law, he could ask the finance company to put things right. So he wrote to the finance company – explaining that the roof protection hadn't worked, and that he was making a claim under section 75 of the Consumer Credit Act.

The finance company said they'd look into the problem, and sent a roofing contractor out to assess Mr and Mrs H's roof. In their report, the contractor said that the roof was very badly damaged and that all the tiles and ridges would need replacing. But they didn't think that the roof protection work was to blame. In their view, the heavy snowfall had caused the damage.

On the basis of the contractor's report, the finance company refused to accept liability for the repairs. They also said that, in any case, the ten-year guarantee only applied to the paintwork and coating.

Mr H was very unhappy with this outcome. Over the next week, he called out three local roofers to get their views and quotes for the repairs. All three said that the roof protection works had caused the problem.

Mr H went back to the finance company with the roofers' reports. But when they refused to change their position, he asked us to step in.

complaint upheld

The finance company told us that the roof protection treatment wasn't intended as a structural upgrade to the roof – and that the ten-year guarantee only covered the paint and coating. They showed us the information Mr and Mrs H would have been sent about the treatment, which explained that it would “waterproof porous tiles and eliminate mould growth”.

They also pointed out that Mr H had signed to say he was happy with the work after it had been completed. For these reasons, they didn't think there had been any “breach of contract”.

We explained that, whatever Mr H had signed, he wasn't a roofing expert. We didn't think it was reasonable to have expected him to have inspected the roof – or to have known whether the job had been carried out properly.

We asked the finance company for a copy of their contractor's report – and asked Mr and Mrs H for the reports of the three independent roofers.

We found that all three independent roofers had concluded that the power-wash involved in the protection treatment had caused the damage – and made the roof more porous than before. One roofer had questioned whether the sealant had actually been applied.

Looking at this evidence, it seemed to us that the problem had been caused by the way the work has been carried out – rather than by the snow. So the length of the guarantee, and what it covered, were irrelevant.

We decided that the finance company were liable for the cost of repairing the roof – and we told them to pay the middle quote of the three quotes that Mr and Mrs H had received. Because it was clear that Mr and Mrs H hadn't benefited from the works, we also told the finance company to refund the payments they'd made, adding interest.

The dispute had been going on for more than two months – during which the poor weather had continued. Mr and Mrs H sent us photos to show that the roof, and their house, had become increasingly water-damaged.

In our view, if the finance company had accepted liability sooner, then this additional damage wouldn't have happened. So we also told them to pay Mr and Mrs H £400 to make up for the inconvenience and the stress of trying to protect their home over most of a very snowy winter.



case study 122/3

consumer complains that insurer's mistake disrupted Christmas plans

Mr S had planned to visit family in Ireland between Christmas and New Year. When he arrived at the ferry port, police were making random checks on cars waiting to board. Mr S's car was found to be uninsured – and was impounded.

Mr S had no idea what was going on – because he'd only recently received a renewal confirmation from his insurer. When he phoned the insurer from the ferry terminal, they explained that there'd been an administrative error – and that Mr S's automatic renewal hadn't gone through. So his policy wasn't on the insurance database.

The insurer confirmed to the police that Mr S was insured after all. He was able to get his car back within a few hours, after paying a fee to release it.

However, by the time this had happened, he'd missed the ferry he was booked on – as well as the final crossing of the day. He had to stay overnight in a motel at the terminal – missing his extended family's Christmas get-together that evening. He also missed his brother's birthday outing the next day, only arriving much later in the afternoon.

Once he was back home, Mr S complained to the insurer. They fully accepted their mistake – and refunded Mr S the money he'd paid to release his car, as well as the cost of the motel room and replacement ferry ticket.

But Mr S didn't think this fully made up for what he'd been through – and asked us to step in.

complaint resolved

Mr S had given the insurer receipts showing the money he'd had to pay out because of the mix-up. We were satisfied that the insurer had made sure he wasn't out of pocket.

However, we explained to the insurer that we didn't think they'd considered the non-financial impact of their mistake.

We could understand that being stopped by the police for driving without insurance had been very embarrassing for Mr S. He'd had the inconvenience of getting his car released – and having to book a new ferry crossing. Most importantly for Mr S, he'd missed two celebrations with family members who he hadn't seen all year.

The insurer told us they'd been concerned with covering Mr S's expenses – and hadn't really thought about the wider consequences. They apologised and offered Mr S £350 – which he felt fairly reflected what he'd been through.

... police were making random checks on cars waiting to board

... the claim had caused Mrs T a lot of unnecessary frustration and inconvenience – as well as a lot of worry about her daughter

case study 122/4

consumers complain about home emergency cover – after being left without heating over Christmas

Mrs T's boiler stopped working a few days before Christmas. She had home emergency cover – and was able to arrange for an engineer to come out the same day. The engineer explained that he knew what the problem was, but would need to order some parts before he could fix it.

The next day, Mrs T phoned the insurer to check whether the parts had been ordered. She explained that her young daughter, who was very ill, felt the cold easily – so she needed the central heating to be up and running as soon as possible.

Mrs T was told that there had been some trouble contacting the parts centre – but that the parts should be ordered that afternoon. The insurer later phoned back to confirm that the engineer would return with the parts on Christmas Eve.

The engineer didn't turn up – and Mrs T thought the parts must still be unavailable. When she hadn't heard anything by 27 December, she phoned the insurer. She was told that the parts were now in stock, and that an engineer would come out on 30 December.

This time, the visit went ahead – and Mrs T had central heating and hot water again. But she thought the delay in repairing the boiler had been unacceptable – and made a complaint. She felt that the insurer hadn't let her know what was going on – and should have sorted things out much more quickly, given she'd explained her daughter's situation.

However, the insurer didn't agree that they'd done anything wrong – and the complaint was referred to us.

complaint upheld

We asked the insurer for records of their contact with Mrs T – and of how the claim had been dealt with. From these, we could see that the insurer had made several calls to the parts centre between the engineer's first visit and 27 December.

On the other hand, it didn't seem that the insurer had called Mrs T. In fact, the insurer had only provided an update when Mrs T had phoned *them*. We were particularly concerned that she hadn't been told that the engineer wouldn't be coming out on Christmas Eve.

Mrs T told us that her daughter's illness required regular treatment at their local hospital. She'd rearranged appointments to accommodate the engineer's visit – which didn't then happen.

Although she'd borrowed a heater from a neighbour, it had still been hard to keep her daughter comfortably warm. She said that it had been a very difficult Christmas.

It might have been the case that the parts weren't immediately available. But the insurer had known from the outset why it was important for the problem to be fixed as quickly as possible. In our view, their poor communication and handling of the claim had caused Mrs T a lot of unnecessary frustration and inconvenience – as well as a lot of worry about her daughter.

In all the circumstances, we told the insurer to pay Mrs T £650 – to recognise the very large impact of their actions.



case study 122/5

consumer complains about warranty provider – after being left without an oven over Christmas

Towards the end of November, Mr M's range-style oven stopped working. He'd bought an extended warranty with the oven, and contacted the warranty provider to arrange a repair.

The next day, the warranty company's engineer visited Mr M's house to diagnose the problem. She said that the oven had a number of faults. Apparently, several parts needed replacing – which would need to be ordered.

Once the parts were available – two weeks later – another engineer came to fit them. But the oven still didn't work. This second engineer said that different parts might help – but that, like before, there would be a delay while they were ordered in.

On 23 December, a third engineer visited Mr M – and again, the new parts didn't solve the problem.

The engineer told Mr M that, as more parts were needed, the oven wouldn't be repaired before Christmas.

Mr M didn't want to cancel his plan to have ten family members over for Christmas dinner. As he couldn't cook the food he'd already bought without an oven, he went out and bought replacement ready-cooked food. So he could heat up this food – and so he could cook in the period after Christmas before his oven was fixed – he also bought a small microwave.

By mid-January, the problem was still ongoing – and Mr M made a complaint. At this point, the warranty company admitted that he had waited an "excessive" amount of time – and offered to replace the range-style oven.

Mr M agreed that this would be a step forward. But feeling that he'd been treated badly – and that he'd been left out of pocket – he asked us what we thought of the situation.

complaint resolved

Mr M explained that he'd had the repair hanging over him all over Christmas and New Year. He said that he'd had everything planned well in advance – and having to go food shopping at the last minute had been very stressful and inconvenient. He felt he'd had no choice but to buy the microwave.

We could appreciate why Mr M was frustrated. When we pointed out to the warranty provider the effect of the delay on Mr M and his family, they said – on reflection – that they'd like to refund his extra costs. They offered to pay for the Christmas food he'd bought at the last minute – as well as the microwave. Together, these came to around £250.

The warranty company also offered Mr M £100 to make up for the trouble he'd had to go to as a result of their poor service – and Mr M agreed this felt fair.

... they offered to pay for the Christmas food he'd bought at the last minute

... they said that they'd taken the difficult decision not to set off at all

case study 122/6

consumers complain that travel insurer has rejected cancellation claim – as cruise departure wasn't delayed

Mr and Mrs A had been looking forward to their Caribbean cruise since booking it in the summer. They were due to leave from Southampton in mid-December – and had booked a hotel near the port for the night before.

But the evening before they'd planned to leave, there was very heavy snowfall. Mr and Mrs A decided not to set off at all – and made a claim on their travel insurance.

However, the insurer wouldn't pay out. They confirmed that Mr and Mrs A's policy listed "adverse weather" as an "insured peril". But for the "cancellation" cover to apply, the cruise itself would have had to be delayed for 12 hours or more. The insurer explained that there wasn't any cover for Mr and Mrs A being delayed on their way to board the cruise.

Apparently, Mr and Mrs A weren't covered for "missed departure" either. According to the insurer, this was because they hadn't left home, so they hadn't run up any extra transport or accommodation costs.

Mr and Mrs A were very disappointed. They'd thought their insurance would protect them if something unexpected happened. When the insurer refused to reconsider the claim, Mr and Mrs A contacted us.

complaint upheld

We asked the insurer for a copy of the terms and conditions of Mr and Mrs A's policy. Under "cancellation", the policy booklet said a claim would be paid if:

"... You are forced to cancel your travel plans because one of the following changes in circumstances, which is beyond your control ..."

It went on to list:

"You abandoning your trip following a delay of more than 12 hours in the departure of your outward flight, coach journey, sea-crossing or international train journey, as a result of adverse weather conditions."

And under "travel delay", the booklet said:

"If the departure of your first outward international flight, sea-crossing or train journey abroad is delayed as a direct result of ... adverse weather conditions ... for more than 12 hours, then you can choose to abandon your trip and submit a cancellation claim."

Mr and Mrs A sent us photos they'd taken of the snowfall around their house. They also showed us a letter from their local council, which confirmed most roads in their village had been "impassable", and hadn't been gritted.

They said they'd booked a hotel because they'd heard the weather would be bad, and didn't want to get stuck on their way to Southampton on the day the cruise left. They said that they'd taken the difficult decision not to set off at all only because they'd felt it would be so unsafe to drive.

Having seen evidence of their local weather conditions, we could understand Mr and Mrs A's decision. Given the state of the roads in their village, we thought it was extremely unlikely that a taxi could have got them to a train or coach station so they could reach Southampton.

In our view, by booking a hotel in Southampton, they'd taken steps to try to stop the weather disrupting their holiday. But in the circumstances, they hadn't had any reasonable alternative to cancelling the trip.

We acknowledged that, by a strict application of the policy, Mr and Mrs A's claim wouldn't be covered. But we explained to the insurer that we needed to look at whether a strict application had resulted in a fair outcome for Mr and Mrs A.

In this case, Mr and Mrs A had been delayed by adverse weather – something beyond their control – for more than 12 hours. So we decided their claim should be covered under "travel delay".

We told the insurer to consider the claim in line with the remaining policy terms – adding 8% interest from the date of the claim to the date it was eventually paid.

▶
case study
122/7

consumer complains
that credit card
company hasn't
sent right amount of
vouchers at Christmas

Mrs Q had a credit card with her supermarket. The card was linked to the supermarket's loyalty scheme – and she used the card regularly to build up points. Each November for the past few years, the credit card provider had sent her around £45 of vouchers, which she put towards her Christmas food shopping.

So she was surprised when, without explanation, she received only £30 of vouchers – far fewer than she'd expected, given the number of points on her last statement. When she questioned this with the credit card provider, they told her that vouchers had always been capped at £30.

Mrs Q pointed out that she'd previously received more than £30. She asked how long the cap had been in place – and how she was supposed to have known about it. The credit card provider said that points were awarded on a maximum of £12,000 spending. As one point was given for every four pounds spent, the value of the vouchers couldn't go above £30.

Mrs Q didn't think this answered her question. Confused – and feeling she'd lost out – she asked us to find out what had happened.

complaint resolved

We asked the credit card provider for the terms and conditions of Mrs Q's account. These confirmed that the maximum spending on which points would be awarded was £12,000. In our view, this cap was set out clearly. We established that Mrs Q had been sent a copy of the terms and conditions in her "welcome pack" when she first took out the credit card.

But this didn't explain why Mrs Q had received more than £45 in vouchers for the past three years. In the circumstances, we could understand why she'd been expecting more – and why she was so disappointed.

When the credit card provider looked at Mrs Q's account, they found that in previous years, she'd built up extra points on particular "bonus" days. They said that these points were awarded in addition to "normal" loyalty points – and could result in vouchers above the £30 cap. Over the last year, Mrs Q had accumulated more than £30 worth of normal points. But anything above £30 wasn't eligible to be converted into vouchers.

We asked the credit card provider how they explained this difference to their customers – and whether they'd told Mrs Q. They sent us an example of a letter advertising a "bonus" day. However, they said they couldn't confirm whether any similar letters had been sent to Mrs Q.

When we explained the points system to Mrs Q, she said she understood – and would bear it in mind from now on. We suggested to the credit card company that they honour *all* Mrs Q's points this Christmas.

The credit card provider agreed that this was the right thing to do. They also offered Mrs Q £50 to make up for the confusion, which she was happy to accept.

*... we could understand why she'd
been expecting more*

... she wouldn't have had the stress of receiving further letters from the debt collector

case study 122/8

consumer complains that business wrongly chased her for a debt over Christmas

After her working hours were cut, Miss E had some trouble with her finances – and didn't meet the minimum repayments on her credit card. After a few months, the balance reached more than £2,000 – and the credit card provider passed the account to a debt collector.

When Miss E's work situation improved, she was able to pay off the debt – sending a cheque to the debt collector to settle the account. In early December, she received a letter from the debt collector confirming receipt of her cheque.

But after that, more letters arrived. In mid-December, Miss E received a formal demand for payment – and on 23 December, she got a letter threatening her with legal action.

Although she was very worried, Miss E decided to put the issue to one side over Christmas – so she could try to enjoy the holiday.

But on 27 December, she got in touch with the credit card provider, complaining that she'd paid what she owned and didn't understand why she was still being "harassed".

When the credit card provider looked into the situation, they found that there had been a "human error". Although they'd received Miss E's payment from the debt collector, the account number had been mistyped. This meant the credit had been accidentally applied to someone else's account – and Miss E's account hadn't been settled.

The credit card company said they'd make sure Miss E's account was marked as settled – and that debt collectors wouldn't contact her again.

Miss E didn't receive any more letters. But when she checked her credit report a couple of weeks later, she noticed that the account had been marked as settled only in early January – a full month after the debt collector had confirmed receipt of the cheque.

She asked us to step in, confused about what was happening with her credit file – and upset that her Christmas had been "ruined".

complaint upheld

The credit card provider told us that they'd taken responsibility for the debt collector's actions – and felt they'd already put things right.

But we didn't agree. We explained that putting things right meant making sure Miss E was in the position she'd be in if the mistake hadn't happened in the first place.

In this case, if the credit card company had processed Miss E's cheque correctly, her credit file would have shown that the account had been settled earlier. And she wouldn't have had the stress of receiving further letters from the debt collector. We appreciated how upsetting it had been for Miss E to be wrongly threatened with legal action when she was trying to enjoy the festive period.

We told the credit card provider to arrange for Miss E's credit file to fairly reflect what had happened. We also told them to pay her £200 for the unnecessary worry and frustration their actions had caused her.



case study 122/9

consumer complains when bank rejects section 75 claim for faulty engagement ring

Mr R was planning to propose to his girlfriend on Christmas Eve – and bought a ring from a jewellery website. As he was placing the order online, he ticked to ask for the ring to be gift-wrapped – so he didn't open the package when it arrived. But after Mr R proposed – and his girlfriend accepted – they noticed a deep scratch on the ring's outer surface.

Mr R was very embarrassed – and got in touch with the jewellery website as soon as their email helpdesk was open again after Christmas. When he explained the damage, they said that if he returned the ring, they'd see what they could do. So Mr R went to the post office the next day and sent it back to the company.

But when the ring was returned to him a fortnight later, it seemed there had been a mix up – the ring had been resized, but the scratch was still there. After emailing the company to confirm what he should do, Mr R sent the ring back again. When he didn't hear anything for another two weeks, he went on the company's website – and saw a message saying they'd closed down. When he tried the phone number, it didn't work.

Mr R had heard about "section 75" from his brother, who'd managed to get his money back on a faulty dishwasher. He rang his credit card provider – his bank – to ask if they could get his money back. The bank told Mr R that since he couldn't prove that the ring had been scratched, they couldn't be sure that there had been a "breach of contract" or a "misrepresentation". So they wouldn't refund the money.

Mr R complained. He said that if the ring hadn't been scratched, he wouldn't have sent it back to the jeweller.

When the bank told Mr R that he would need to get an independent report on the ring to back up what he was saying, he explained that this was impossible – as the ring was with the jewellery company, which he couldn't contact.

However, the bank wouldn't change their position – and Mr R asked us to step in.

complaint upheld

Mr R sent us two signed Royal Mail tracking receipts to show that the jeweller had received the ring – and that he no longer had it. We then asked him for copies of the emails he'd exchanged with the jewellery company.

It was clear from these emails that the company had accepted liability for what had happened. They'd emailed to say they'd received the ring the first time Mr R had sent it – and to confirm that they could repair the damage. The company's manager had told Mr R that he would "personally oversee" the repairs.

In our view, these emails backed up Mr R's story that the ring had arrived damaged. As the jewellery company hadn't sorted out the problem, Mr R had been left in the position where he'd paid for an engagement ring but no longer had it – through no fault of his own.

In light of this, we disagreed with the bank – and decided that there had been a breach of contract. We told the bank to refund the money Mr R had paid for the ring. We also told them to pay him £100 to recognise the inconvenience and frustration they'd caused – at what should have been a special time – by wrongly turning down his claim in the first place.

... he went on the company's website – and saw a message saying they'd closed down

... she thought the damage had been caused by water or snow getting into a disused chimney

case study 122/10

consumer complains that insurer unfairly rejected claim for storm damage

Mrs O was a keen photographer. On Christmas morning, she went to the cupboard under her stairs where she kept her camera, lenses and accessories – so she could take photos of her children opening their presents. She was very upset to find that the camera and lots of equipment had been water-damaged – and wouldn't work at all.

Mr O's insurer's helpline was closed on Christmas Day – but she rang them when they reopened on 27 December. Once she'd explained what had happened, the insurer said they'd send a loss adjuster to investigate her claim. They said that, because of the time of year, it would be two weeks before this happened.

Three weeks later, after the loss adjuster's visit, the insurer got in touch with Mrs O. They said that Mrs O's policy would only pay out if the items had been damaged as a result of a storm.

But having looked through weather records from the time, the loss adjuster concluded that the equipment had been damaged by damp over a period of time.

Mrs O disagreed. She pointed out that there had recently been very bad weather in her local area – including heavy snow. She thought the damage had been caused by water or snow getting into a disused chimney of her house, which shared a wall with the cupboard. In her view, the fact this had never happened before suggested that the recent “freak weather” was to blame.

When the insurer wouldn't change their mind, Mrs O asked for our view.

complaint not upheld

We asked the insurer for a copy of the terms and conditions of Mrs O's policy. We confirmed that her policy covered damage caused by storms but wouldn't pay out for damage caused by prolonged bad weather.

To decide whether Mrs O's claim should be paid, we needed to see evidence that there had been a storm – and if so, that the storm had been the main cause of the damage to her camera equipment.

We checked Met Office weather reports for the three months leading up to Christmas Day – when Mrs O noticed the damage. We could see that there had been consistently poor weather in her local area – with periods of heavy rain and snow. But the reports didn't show that there had been a storm.

We agreed with Mrs O that the damage had probably been caused by rain water or snow collecting in the disused chimney. But we didn't agree that there had been a storm – so in our view, the insurer hadn't acted unfairly.

We understood how upsetting it had been for Mrs O to lose her camera equipment. But we explained to her that home insurance is designed to cover damage arising from specific, one-off events – like a storm – rather than from longer periods of poor weather.

Although Mrs O wasn't happy about this outcome, she said she appreciated the clarification – and would bear that in mind in the future.

... a bank statement showing a payment he'd made to a gaming shop a couple of months previously

case study 122/11

consumer complains that his insurer won't pay a claim after his Christmas presents are stolen

A week before Christmas, Mr Y's house was burgled. After phoning the police, Mr Y called his insurance company to make a claim. He explained that the thieves had taken some wrapped Christmas presents – including three games consoles he'd bought for his nephews, and envelopes containing cash presents of £300 in total. He said they'd also taken two TVs that had been fixed on his wall.

The insurer said that Mr Y would need to provide proof of ownership for all the items he was claiming for – and asked him to send the receipts. Mr Y explained that he'd bought the consoles some time ago, and couldn't find the receipts.

At first, the insurer rejected the whole claim – saying there was “insufficient evidence” that Mr Y had owned the items. After Mr Y sent a bank statement showing a payment he'd made to a gaming shop a couple of months previously, the insurer agreed to pay for one games console. But they wouldn't cover the TVs or the cash gifts – despite Mr Y sending bank statements showing he'd recently made large cash withdrawals.

Mr Y was very unhappy with this – and made a complaint. But when insurer refused to pay any more, he contacted us – saying he felt like he was being treated like a criminal.

complaint upheld

We acknowledged that, as a general principle, policyholders should be able to show proof of ownership. But we explained to the insurer that we wouldn't necessarily agree that it was fair to turn down a claim just because someone couldn't provide receipts for every item. We'd also look for other evidence – like manuals, packaging or photos.

The insurer had sent a loss adjuster to assess Mr Y's claim. When we asked the insurer for the loss adjuster's report, it seemed that they'd noted three empty games console boxes. And the transaction on the bank statement Mr Y had sent the insurer corresponded with the cost of three consoles at that retailer. In light of this, we didn't see why the insurer had only offered to pay for one console.

So far as the cash that Mr Y was claiming for, we pointed out to the insurer that having already provided his bank statements, he couldn't really do anything more to prove ownership.

Mr Y had sent the insurer photos showing where he was saying the two TVs had hung on the wall. The insurer said that their loss adjuster hadn't found any damage to the TV wall brackets – and they weren't convinced any TVs had ever been there.

When we asked Mr Y about this, he said he often held gaming parties, which is what he mainly used the TVs for. He sent us his account history from a gaming website, which suggested that he owned a large amount of equipment himself, aside from the consoles he'd bought for his nephews. We thought it was very likely that someone who owned so much gaming equipment would also have the TVs needed to play the games.

Based on everything we'd seen, we took the view that Mr Y had provided enough evidence to back up his claim – and we decided that the insurer had acted unfairly. We told the insurer to pay the claim in full, in line with the policy limits and adding 8% interest.

Mr Y explained how embarrassed and disappointed he'd been about not being able to give his family their presents at Christmas. Recognising this, we told the insurer to pay £200 – to make up for the upset and inconvenience they'd caused Mr Y by wrongly rejecting the claim.

... the insurer had accepted that they'd let him down

case study 122/12

consumer complains that gift is shown on insurance documents – spoiling Christmas surprise

Mr J had been saving up all year to buy his wife a luxury watch for Christmas. As soon as he bought it in early December, he called his insurer to add the watch as a “single item” to his contents insurance.

Mr J and his wife had a joint insurance policy. He explained over the phone that the watch was a surprise – and asked the insurer not to send through the new documentation until after Christmas.

A few days later, Mr J's wife showed him a letter that she'd opened from their insurer – confirming the make, model and cost of a watch that had apparently been added to the policy. Mr J had to explain what had happened. Angry that the surprise had been spoiled, he complained to the insurance company.

The insurer admitted they'd made mistake – and apologised for what had happened. They also offered Mr J £150. But Mr J didn't think that was fair. He contacted us, saying that money couldn't make up for having Christmas ruined – but that £1,000 would better compensate for the upset the insurer had caused.

complaint resolved

We asked the insurer for a recording of Mr J's original phone call to them. In the phone call, Mr J clearly explained that the watch was a secret – and asked the insurer to hold off issuing updated documents until after Christmas. The person on the insurer's helpline said that they understood, and had confirmed twice that no documents would be sent until January.

It was clear that the insurer hadn't done as they'd said they would. And we understood how upsetting it must have been for Mr J to have the surprise spoiled before Christmas. But the insurer had accepted that they'd let him down. And – although Mr J was disappointed – he'd still been able to give his wife the watch on Christmas Day. So in the circumstances, we thought the insurer's offer was fair.

When we explained this to Mr J, he told us that he'd been extremely frustrated and disappointed. He said he'd demanded £1,000 because he wanted the insurer to realise how upset he was – not because he wanted the money. He thanked us for listening and being honest about how things stood – and said he'd accept the insurer's offer.

ombudsman focus – talking business

We ask every consumer who brings a complaint to the ombudsman to tell us about their experience with us – and how we could have improved it. And every quarter, we ask complaints handlers at financial businesses – working at the front-line of addressing customers' concerns – about their recent dealings with us. We also measure businesses' awareness of the support services we offer, including our events, website and publications.

In this ombudsman focus, we highlight – and respond to – some of the feedback and questions raised by complaints handlers over the past six months.

“I think the person complaining should pay the ombudsman fee if the case is found in the firm's favour. That would deter off the cuff, “standard letter” type complaints”

In every survey we run, some businesses tell us they think we should charge consumers – or claims managers – for referring a complaint to us. For example, one business suggested charging people *“a nominal fee of £50 to £100”*.

We understand the strength of feeling that exists about this issue – particularly among smaller businesses, who might be worried about the prospect of being charged a case fee.

But Parliament decided that a free ombudsman service underpins confidence in financial services. And like many other public services, the fact that our service is “free at the point of use” recognises that some of the people most in need of help might not be in a position to pay for it. So our view on charging consumers is very unlikely to change.

The issue of charging has become especially relevant over the past few years – when we've received many more complaints from consumers in significant financial hardship. For someone missing or making only minimum payments on high-interest debt, a £50 fee is clearly far from nominal. It's also higher than many direct debit payments and money transfers, as well as many standard charges applied by financial businesses – for example, those relating to credit-broking and overdrafts.

So the result of charging a £50 “deposit” could be that people wanting to question small amounts of money see no economic sense in taking things further. And other people couldn't afford to ask for our help – because they don't have £50 to cover the basics of everyday life, let alone to cover a “complaining fee”. If they had £50 to spare, they might not have a problem in the first place.

“Those PPI reclaim companies are fishing. Shouldn't they have to prove the existence of a policy before wasting your and my time?”

One of the hallmarks of PPI mis-selling was that some businesses added policies to loans without customers' knowledge. While we don't agree that this happened in every case, a huge number of policies we've seen were mis-sold in this way. In some situations, people tell us they've been told by a business that they never had PPI – only for a policy to be traced during our investigation.

Given this – as we explained in *ombudsman news* 108 – we don't think it's unreasonable for people to ask if they had PPI, or to question the answer they get from a business. And although we've always made it clear that there's no need for people to pay a claims management company – and we see little added value in what they do – we'll respect people's choice if they do so.

However, we've also made it clear to claims managers that some of their practices make things difficult for everyone. Since 2009 – when we first starting getting significant numbers of PPI complaints through claims managers – we've set out the standards we expect of them. We publish these on our PPI resource on our website.

We tell claims managers to avoid sending us or businesses generic information – for example, the same “template” letter for each of their customers – and instead to provide tailored information, specific to the individual consumer and their particular circumstances.

When this doesn't happen, we send the paperwork back and tell the claims manager to improve it – to avoid wasting their customer's time, our time, and that of the business concerned.

The claims-management regulator, part of the Ministry of Justice, has also taken steps to improve poor behaviour. Under the most recent version of its rules, claims managers must take all reasonable steps to ensure that PPI was sold in the first place. The regulator has also warned claims managers against abusing “subject access requests” (under data protection legislation) to obtain customer information – a practice which smaller financial businesses tell us places a disproportionate burden on them in terms of time and cost.

“My business doesn't always have the resources to answer queries within the short timescales you give – usually 14 days”

It's in the interests of both a business and their customer to resolve a complaint as quickly as possible. We set timeframes for replying to our questions so that, once our investigation has started, we can keep things moving forward.

But we understand that many businesses don't have a separate – let alone large – compliance team. And even if they do, we know that it can sometimes be difficult to come up with an answer quickly – for example, if the complaint relates to something that happened several years ago, or if complex calculations need to be carried out.

If a consumer explains to us that they need longer to get back to us – for example, because they're unwell or on holiday – then we'll consider giving more time. Equally, if a business fully explains the reasons why it will be difficult for them to meet our deadline, we might allow an extension – as long as there's communication between all parties.



“My firm has only a small number of cases referred to the ombudsman each year – below the charging fee. But we get letters saying that there will be a charge”

When a business receives a letter from us saying we’re taking on a customer’s complaint, we say the case is “chargeable”. That means it counts towards the business’s total number of cases in that particular year. If the total doesn’t reach more than 25, they won’t pay any case fees.

The Financial Conduct Authority regulates 80,000 businesses – which are automatically covered by the ombudsman. But only around 5% had complaints about them referred to us last year. And of these, nine in ten didn’t actually pay a case fee – largely because from 2013/14, following extensive feedback from smaller businesses, we increased the number of fee-free cases from three to 25 each year.

If you receive a letter or email from us that you’re not sure about, the adjudicator (or our consumer helpline) will be able to explain how things stand. Or if your customer’s complaint hasn’t been referred to us, our free technical advice desk can help you sort things out fairly and informally – without the case needing to come to us at all.

“Your events all seem to be south of England or Midlands-based”

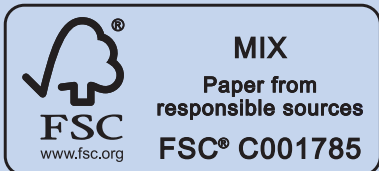
Every year, we run several conferences for larger businesses – whose customers account for a very high proportion of people using financial services in the UK. To share our approach most effectively, we hold events where we’re likely to meet as many people from these businesses as possible. And many large financial services firms employ a large number of staff in places like Birmingham, Manchester, Cardiff and Glasgow.

But it’s not the case that we hold all our events in major cities. And they’re not all conferences. In fact, the majority of our outreach work with businesses takes place on a local level – either at our own hands-on workshops for smaller businesses, or at meetings of regional groups and networks that their members invite us to.

We also host forums for trade bodies representing thousands of people running small financial businesses across the UK. Although these individual businesses might not have time to meet us face-to-face themselves, our forums are a chance for trade bodies to tell us what they’re concerned about. And the trade bodies can use their own communications channels to share our news with their members – wherever they’re based.



*... over the last year,
we've run events – or visited
people where they live and
work – across the UK ...*



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Q? &A

You encourage people to call your helpline. But how much can you really help over the phone?

Last year, our helpline received more than two million enquiries. For many of the people who called us, we were able to sort things out straight away. Other people told us that, after talking things through, they felt more confident about dealing with the problem themselves – whether we'd suggested practical next steps, cleared up some confusion, or just helped them get their thoughts in order.

As part of our work to make sure we're adding value, we try to find out what happens after people have contacted our helpline. In our most recent research, we found that 45% of people who called us went on to sort out the problem themselves. And of those people, 98% said talking to us early on helped them do this. Looking at the other 55%, many people said they were talking to the business – and might ask us to step in if this didn't work.

But there are still some people who let the matter drop – without ever resolving things in a way they're happy with. We continue to try to find out what's putting them off – so we can understand and address the feelings and barriers that stop people getting an answer to their problem. There's more information about this in our annual review.

You said more older people used the ombudsman last year. Do older people use your website?

Yes, they do. Last year, nearly one in three people who used our website were over 55. There's more information about who visits our website in our annual review.

But among people who referred a complaint to us, 18% of those aged 55 to 64 – and nearly half of people aged over 65s – said they didn't have internet access.

So we continue to use a range of other channels to raise awareness of the ombudsman.

Who are the ombudsmen? What are their backgrounds?

We're a service for everyone. So it's important that the people who work for us have a range of backgrounds and experience.

Because of the type of work we do, around two thirds of our ombudsmen come from the legal profession, local and central government,

or regulation and "dispute resolution" in other sectors. Many previously worked in a variety of financial services. And some have developed their skills and careers through working in other roles at the ombudsman service over a number of years.

Our board of non-executive directors appoints ombudsmen who have the appropriate qualifications and experience to make decisions in complaints. There's more about the backgrounds of our ombudsmen in our annual review, as well as brief career summaries on our website.

