

The complaint

Mr B and Mrs M complain that Domestic & General Insurance Plc (“D&G”) cancelled their boiler insurance without notifying them and refused to deal with a claim.

What happened

Mr B and Mrs M took out boiler insurance with D&G in September 2020. They say they were told their policy would renew automatically each year should they not get in touch to cancel it. They then had a fault with their boiler in October and reported this to D&G. Mr B and Mrs M say an engineer arrived and fixed the issue by installing a new three-way valve port. They say their excess was then taken on 7 October.

Mr B and Mrs M say they then experienced the same problem a year later and contacted D&G. They say they were told they didn’t have a policy. Mr B says he was passed between a number of agents who each gave him different reasons for why they didn’t have a policy. Mr B says he then asked if D&G could offer them a policy but waive the 30-day no claim period but was told D&G couldn’t do this. Mr B and Mrs M say they then had to arrange the repairs by instructing their own plumber and engineer who told them the issue was caused by a faulty repair carried out by the engineer a year earlier. So, they complained to D&G. D&G responded and explained Mr B and Mrs M’s boiler insurance was cancelled in October 2020 due to a lack of payment.

Our investigator looked into things for Mr B and Mrs M. She thought the policy cancellation wasn’t down to any error by D&G. She thought D&G had made an error though in not notifying Mr B and Mrs M about the cancellation and recommended they pay £50 compensation. D&G agreed but Mr B and Mrs M disagreed so the matter has come to me for a decision.

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’ve decided to partly uphold the complaint. And, I think the investigator’s recommendation is a fair way to resolve matters. I understand Mr B and Mrs M will be disappointed by this but I’ll explain why I have made this decision.

Policy cancellation

My starting point is Mr B and Mrs M’s boiler insurance policy. This sets out the terms and conditions and, under the heading ‘Paying your premium’ it says, “*You must pay the premium...by Direct Debit in accordance with the ‘Your payment details’ set out in your policy documentation. If we are unable to collect a payment from your bank we may attempt to request payment again unless you advise us otherwise. If you do not pay for your policy*

on time, it will be suspended from the due date...If we do not receive payment from you within 2 weeks, we may cancel your policy immediately and we will notify you in writing."

There's no dispute that Mr B and Mrs M took out a boiler insurance policy in September 2020. And, given that a 30-day no claim period was in place, the cover started on 2 October. Insurance documents provided by D&G show that £3.50 will be taken monthly by Direct Debit by the intermediary company who set up the policy – who I'll refer to as company S. This shows the first payment will be collected on 2 October and also notes the bank account details the Direct Debit will be taken from.

D&G say Mr B and Mrs M have made no payments towards the premium so they were advised by company S to cancel the policy on 7 October. I'm persuaded this was the case as Mr B has provided a copy of his bank statement, and this appears to be the same account noted on the insurance documents when describing which account the Direct Debit will be taken from. And, the bank statement doesn't show a payment of £3.50 being made to company S on 2 October. So, taking this into account, I don't think it was unreasonable for D&G to have cancelled the policy as the terms and conditions allow them to take such steps if Mr B and Mrs M don't make payments towards their premium.

I think there is an issue here though as there's no evidence D&G notified Mr B and Mrs M of the cancellation. The terms and conditions say D&G will notify them in writing and an internal email between D&G says that they can't see any cancellation letter being sent by company S. So, I uphold this part of the complaint and I think compensation of £50 for the shock and upset caused to Mr B and Mrs M is fair and reasonable in the circumstances.

I note Mr B says he was passed between a number of agents and he was given different reasons for the cancellation. I've listened to a recording of a call Mr B made to D&G during which he explains he has just spoken with company S who suggested he call D&G. Mr B explains he has been told that his policy was cancelled and the agent explains their records show company S requested they cancel the policy. Mr B explains he has been told by company S that the cancellation was down to the bank account details being incorrect. Mr B is then transferred to another agent who explains company S informed them to cancel the policy. The agent explains company S's system will show more details around why it was cancelled as company S are responsible for collecting payments but the information on D&G's system is limited. The agent explains they'll need to look into this further. D&G then write to Mr B confirming the reason for cancellation was down to no payments being received. So, while I can understand why Mr B became frustrated at being given different reasons by company S, I think D&G did explain to Mr B during this call that they would need to investigate further to find out why the policy was cancelled – and this was then confirmed to Mr B in writing.

The second claim

The information I've seen shows the policy was cancelled in October 2020 and wasn't renewed so I don't think it was unreasonable for D&G to decline to deal with the claim Mr B made in October 2021. I understand Mr B did ask D&G if he's able to take out a new policy without applying the 30-day exclusion period and D&G declined this. Given that I can't say D&G were at fault for the policy cancellation, I can't say D&G have been unfair in taking this approach.

I understand Mr B and Mrs M say the problem in 2021 is the same as the one in 2020 and that their engineer felt the issue in 2021 had arisen due to the poor quality of work carried out by the engineer in 2020. D&G say if Mr B and Mrs M have had the repair carried out independently and another diverter valve has been replaced, it could be that there is sludge in the system which is causing the valve to stop working properly. They say, in any event,

the previous repair has been successful for a period of 12 months and they would consider that to be a reasonable amount of time. I acknowledge Mr B and Mrs M say that their plumber and engineer told them that the part which was replaced in 2020 shouldn't have stopped working a year later. But, I've seen no evidence which shows the issue in 2021 was caused as a direct result of any work carried out by the engineer in 2020.

In addition to this, I can see from system notes provided by D&G that the issue reported in 2020 was that Mr B and Mrs M's property had no hot water unless the heating was on. Then in 2021, the issue being reported was that there was hot water but no heating. So, I can't say the two issues are exactly the same problem as the heating appeared to be working in 2020 but not in 2021. So, taking this into account, and the fact that I've seen no evidence the work carried out in 2020 was in some way inadequate or responsible for the problem in 2021, I can't fairly ask D&G to reimburse Mr B and Mrs M's costs for the repairs carried out in 2021.

Putting things right

I've taken the view that D&G made an error by not notifying Mr B and Mrs M of their decision to cancel the policy. So, they should pay Mr B and Mrs M compensation of £50 for the shock and upset caused.

My final decision

My final decision is that I partly uphold the complaint. Domestic & General Insurance Plc must pay Mr B and Mrs M compensation of £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs M to accept or reject my decision before 4 May 2022.

Paviter Dhaddy
Ombudsman