

The complaint

Mr M has complained that Homeserve Membership Limited ('Homeserve') mis-sold him his home emergency policy.

What happened

Mr M has had a home emergency policy for many years and in 2016 his policy was migrated over to Homeserve, an insurance intermediary.

When his policy came up for renewal in November 2023, Mr M called Homeserve to go over his renewal quote. Mr M wasn't happy with his renewal quote and said he could find a cheaper policy elsewhere. Homeserve offered Mr M a discount or a new policy which would cost less per month but would have a £60 excess. Mr M agreed and the new policy was set up.

The previous complaint

Mr M made an initial complaint after he was told he would need a boiler health check shortly after the policy started. Mr M said he was assured during the sales call that his policy would not change and that a health check was not required due to there being continuous cover. Mr M agreed to have the boiler health check and, in the meantime, Homeserve upheld his complaint and said it should have advised him that a boiler health check was necessary during the sales call. It offered Mr M £50 compensation. Mr M accepted and also agreed to the boiler health check.

Mr M said that when the engineer attended in January 2024, they advised him that a boiler check was not required because there was continuous cover. Mr M made a further complaint about the appointment not being necessary. He said his son was present at the appointment but if the appointment wasn't necessary this was a waste of his day off.

There was also some confusion as to whether the boiler was covered as it was on an exclusion list, but Homeserve confirmed that it would continue to cover it.

Mr M brought his complaint to us and said he wanted £150 compensation for Homeserve insisting he needed a boiler health check when he didn't. He said the appointment took two hours which included deciding whether the boiler was still covered. Mr M said though he wasn't there during the appointment he was receiving phone calls whilst he was at work which caused further inconvenience.

One of our investigators reviewed the complaint and didn't think Homeserve should do anything more. He said it should have advised that a boiler health check was necessary in

the initial call. He said it had accepted this and apologised. He thought its offer of £50 was reasonable as was its agreement to continue to cover the boiler.

Mr M said he had accepted the £50 for the initial complaint but his complaint was about the engineer being sent to do a boiler check when one wasn't necessary. Our investigator listened to the sales call and said that it was made clear that this was a new policy and not a renewal. Homeserve pointed to its terms which say that a new boiler check is required with every new policy. Our investigator said that even if the engineer said that a check wasn't required this would not be correct as the terms state that new policies require a boiler check. He didn't feel any further compensation was warranted.

Mr M said he wasn't happy about the sale of the policy and felt it had been mis-sold. He agreed for his complaint to be closed and raised a new mis-sale complaint.

The present complaint about the mis-sale

Mr M said he felt that the policy had been mis-sold to him as he was led to believe this was a renewal. He said during the sales call he was continuously told nothing would change. He was also unhappy that he was given contradictory information by the engineer who said that a boiler check wasn't necessary when Homeserve said it was.

Our investigator reviewed the second complaint and didn't feel it should be upheld and that it was clearly explained to Mr M that this was a new policy.

Mr M didn't agree and asked for an ombudsman's decision. He said it was clear that the policy information given at the time of the sale was misleading and that the engineer confirmed that a boiler check was not necessary.

Our investigator clarified that he didn't feel the policy had been mis-sold and that even if Mr M had been told about the boiler check at the time he would have, on balance, still purchased the new policy as his main concern was the price. Our investigator also didn't feel Mr M was worse off as he has a policy which offers him the same cover for a boiler which is on Homeserve's exclusion list but for almost half the price as his old policy.

Mr M responded to say he didn't recall mentioning the boiler needed to be serviced during the call. He said he was told nothing would need to be done and everything would be as normal.

The matter was then passed to me to decide.

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.

When selling a policy a business is required to give the customer clear information to enable them to make an informed decision.

Mr M said his policy was mis-sold to him because he was told nothing would change. But the

fact that he took out a new policy meant that a boiler health check was necessary within the initial 90 days. Mr M is also unhappy about the fact that when the engineer did attend for the check, they told him that it wasn't actually necessary.

I have listened to the sales call. Mr M called as he felt his renewal quote was too high. The adviser offered him a discount which would bring his quote down to £78.39. She also offered a new policy for around £74 or for £49 per month but with a £60 excess. Mr M chose the lower premium with the £60 excess. The adviser told Mr M that he would get exactly the same cover as his old policy. The adviser said the old policy would be cancelled, a new policy would start immediately, and the new policy would have a new number. And that the policies were identical apart from the excess.

The policy documents provided by Homeserve and which carry its branding say that a boiler health check is necessary within the first 90 days. The cover letter also states this and makes it clear that this is a new policy. I think this is all clearly set out and highlighted sufficiently so as to be brought to the customer's attention.

Mr M says the policy was mis-sold due to not being told that a boiler check would be necessary so soon. He pointed out that the boiler had been checked a few months earlier under the old policy.

I appreciate Mr M was frustrated by the conflicting information he was provided with during the sale and by the engineer and I see that Homeserve has already compensated him for this.

When Mr M called Homeserve about the policy his main concern was the price. He said that he had seen much cheaper policies. The adviser offered a discount which would bring his premium down to around £78 per month- if he renewed. The adviser also offered a new policy for a much lower premium of around £49 per month but with a £60 excess. Mr M understandably chose to pay the lower premium, bearing in mind his primary concern seemed to be the price.

I appreciate Mr M was frustrated to be later told that a further boiler check was necessary, but I don't think this means that the policy was mis-sold to him. Though I appreciate Mr M may disagree I don't think this information was so significant that it had to be brought to his attention at the time of the sale. And I don't think it is unusual for a boiler check to be required at the start of a new policy. I think this is industry practice to ensure that adequate cover is provided.

Mr M may feel this was significant information and should have been mentioned but on balance I think even if it had been mentioned it is unlikely that Mr M would have chosen to renew his policy rather than purchase the new cheaper one. And I say this because, as I said above, his main concern was the price.

As I said above Homeserve has compensated Mr M for providing him with conflicting information already. And it has also said that the boiler, which it says failed its boiler check when the engineer attended, would continue to be covered. I don't think this was something it was obliged to do when offering a new policy.

Overall, I don't think Mr M is worse off and in fact he has a policy that offers the same cover as his old policy for a much lower premium. And he has maintained cover for a boiler that is on Homeserve's/the insurer's exclusion list. For these reasons and for the reasons I gave above I don't think this policy was mis-sold.

My final decision

For the reasons above I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 October 2024.

Anastasia Serdari
Ombudsman