



Case study: Insurance

COMPLAINANT CHARGED FOR HOME EMERGENCY INSURANCE POLICY CANCELLATION

Themes: beyond economic repair (BER); cancellation fee; home emergency insurance.

This complaint relates to a cancellation fee that was charged when a complainant's home emergency insurance policy was cancelled.

In December 2023, Mr E had a fault with his boiler and contacted his insurer as boiler repairs were covered under his home emergency insurance policy. Mr E's insurer sent out an engineer who assessed the damage, but the repair costs were over the threshold the insurer deemed to be 'beyond economic repair' (BER). This meant that Mr E would need to buy a new boiler at his own expense as repairs to boilers that were BER were not covered by Mr E's insurance policy.

Mr E contacted his insurer who advised that they were cancelling Mr E's home emergency insurance policy and would charge Mr E the cancellation fee. Mr E complained about the fee as he had held the policy for three years and believed this charge should have been removed given the length of time he was covered and paying insurance premiums. Mr E also mentioned that he had to go into hospital and did not know when he would be able to respond to the insurer's communications. Mr E's insurer rejected the complaint and highlighted the information in Mr E's insurance policy's terms and conditions that stated a £275 cancellation fee applied. Mr E referred his complaint to CIFO requesting a refund of the cancellation fee and for CIFO to reprimand his insurer for failing to appropriately handle his complaint.

CIFO investigated and noted that Mr E's insurer had acted appropriately by charging Mr E the home emergency insurance policy cancellation fee. The fee was clearly set out in Mr E's insurance policy's terms and conditions. However, CIFO did note that when Mr E had contacted his insurer by telephone to request information regarding his insurance policy, the agent had inappropriately handled the call. The agent had unsympathetically advised Mr E that they were cancelling the insurance policy which had clearly caused Mr E unnecessary distress and inconvenience, especially considering Mr E's vulnerable state.

CIFO upheld the complaint and recommended Mr E's insurer compensate Mr E £275 for the distress and inconvenience they had caused. With regard to Mr E's request for CIFO to reprimand his insurer, CIFO explained to Mr E that it is not CIFO's role to fine or punish a financial service provider as CIFO is not an industry regulator. CIFO's role is to consider individual complaints and ensure fair compensation has been paid where a financial service provider has acted inappropriately.