

The complaint

Mrs B complains that Aviva Insurance Limited won't pay the full replacement cost after her boiler was damaged during repairs carried out through a home emergency insurance policy.

What happened

Mrs B had a home emergency policy ('homeserve') underwritten by Aviva. I will refer to both homeserve and Aviva as 'Aviva' to keep things simple. Mrs B reported a fault to her boiler just before Christmas. She said she thought the issue was connected to the repairs made by an engineer in September 2019.

An engineer visited in early January and fixed a problem. Mrs B was told there weren't any other faults and the boiler was in good working condition. But Mrs B wasn't happy and asked for another check. A couple of days later the same engineer returned and after several calls Mrs B's boiler was classed as beyond economical repair (BER).

Mrs B contacted an engineer from a different company who found a fault with the heat exchange – most probably caused by the recent repairs - and the boiler was declared dangerous and disconnected. Mrs B had a young family without heating or hot water, and she'd lost faith in Aviva. So she arranged for another firm to install a replacement boiler system.

Mrs B wants Aviva to pay for the full cost of the new system as its engineer caused the problem. And she'd like compensation for her trouble and upset and for putting her family in danger from a faulty boiler.

Aviva agreed its engineer should've picked up that the burner pins were cross-threaded. If they'd been checked, and if necessary replaced, the boiler wouldn't have been BER. Aviva apologised for leaving Mrs B and her family without heating or hot water. It'd offered to replace the heat exchanger and pump to put Mrs B back in the position she'd been in before. But Mrs B didn't want Aviva to do any more work for her.

Aviva could see Mrs B had decided to have the boiler replaced elsewhere. So it offered just under £1000 towards the cost of the new boiler, which is what it would've cost to rectify the fault. And Aviva offered £350 compensation for any inconvenience caused together with an additional £45 towards her electrical bill.

Mrs B wasn't satisfied with Aviva's response. So she contacted our service and our investigator looked into the matter. He explained our service would expect the business to put Mrs B back in the position she'd been in before the error – or as close to it as possible.

He understood Mrs B's argument that Aviva's actions had made her boiler BER. So it should cover any financial consequences. But he hadn't seen any indication the boiler wasn't repairable – only that it was beyond economical repair.

So he thought Aviva's offer wasn't unreasonable. It would've put Mrs B back in her previous position.

Our investigator said Mrs B would've been responsible for the installation cost of a new boiler under her homeserve policy. So he couldn't ask Aviva to pay for the full cost of her new boiler, including installation, as it would put Mrs B in a better position than she'd been in before.

He felt the fairest way to resolve the complaint was for Aviva to make a contribution towards Mrs B's costs and increase its offer from £948.41 (45% of the cost she'd paid) to £1380.60 (65%). He felt the offer of £350 compensation (plus £45 for electricity) was reasonable in the circumstances.

Mrs B didn't agree. So she's asked for an ombudsman's final decision. She'd obtained quotes from two other suppliers and wasn't in a position to search high and low for the cheapest option. She needed a fast resolution and opted for what seemed a reasonable choice. Her old boiler had been well-maintained and serviced regularly. She'd only had to replace because of Aviva's mistake.

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 can see how upsetting this has been for Mrs B. Aviva has agreed the accidental damage to her boiler occurred during the repair visit in September 2019. So I'll focus this decision on what Aviva needs to do to put things right.

Unfortunately mistakes do sometimes happen. And when something has gone wrong, our service would normally expect a business to put the customer back in the position they'd been in before the mistake happened - or as close to that position as possible. That would mean either carrying out the necessary repairs or offering Mrs B a cash settlement for the same value if she decided to have the work done elsewhere.

After it accepted the damage had occurred during the repair visit, Aviva offered to make any necessary repairs and replacements under the home emergency policy. Aviva estimates the repair costs at around £950.

I do understand why Mrs B felt she needed to arrange a replacement boiler elsewhere. She wanted it done quickly as her family were without heating or hot water. And she no longer trusted Aviva's engineers. Because Mrs B chose to have the work done elsewhere Aviva offered £950 to Mrs B towards the cost of her new boiler. And it feels that would put Mrs B back in the position she was in before the boiler was damaged.

Mrs B says Aviva declared her boiler as beyond economic repair (BER). But it was now only offering the cost of repairs when the policy should allow for a replacement in those circumstances.

I can see Mrs B's homeserve policy provides cover in relation to the breakdown of her central heating. Under the section 'beyond economical repair (BER)' it states 'upon making a claim, the total costs of parts (including VAT) required to repair the boiler will be determined by us using reputable suppliers. If this cost exceeds 85% of the manufacturer's current retail price for a boiler of the same or similar make and model to your boiler it will be deemed to be BER.'

The policy also says where the boiler is seven years or older and BER, the policy will replace and install a new boiler to provide the same heating and hot water requirements and match the existing type. But Mrs B would be required to pay the installation cost.

Mrs B chose a slightly more powerful model at a total cost of £2124. And she thinks Aviva should pay for that instead. But if the boiler had been replaced under the terms of the home emergency policy Aviva would've provided a model of similar heating output. And it would've been able to use its buying power to purchase one at a more competitive price that Mrs B might've been able to obtain.

So I don't think Aviva has acted unfairly by offering what it would've cost to repair the boiler and put Mrs B back in her previous position. Mrs B would've been asked to pay for the cost of installation if a replacement boiler had been installed by Aviva.

I appreciate Mrs B says the only reason she needed a new boiler was because of the engineer's mistake. But although Mrs B says the boiler was well-maintained and regularly serviced it was about 12 years old. So repairs would've become more difficult and replacement parts harder to find. And I think it would be fair to say the boiler would likely have needed replacing in the not-too-distant future.

It's clear the actions of Aviva's engineers brought the replacement date forward. At that's why I agree with our investigator that Aviva should contribute towards the replacement costs Mrs B incurred. Mrs B chose to install a new, potentially better, system rather than allow Aviva to put things right. And she had to make that decision now, rather than in a year or two, because of Aviva's actions.

But I don't think it would be fair to ask Aviva to cover the full cost of the new boiler. It's likely Aviva could've repaired her existing boiler if it'd been given the chance. And any replacement under the policy would've meant Mrs B making a contribution towards the cost - she would've been responsible for the paying for the installation.

I realise Mrs B feels let down by Aviva. She was a loyal paying customer and didn't receive the level of service she expected. She feels let down by Aviva's engineers and worried that she was left with a potentially dangerous boiler before it was replaced.

I can't ask Aviva to compensate Mrs B for any potential danger to her and her family. I can't look at what might've happened – I can only look at what did happen. But I would expect Aviva to compensate Mrs B for the trouble and upset she suffered while this was being sorted out. Her family were without heating or hot water for nearly two weeks and the situation has clearly caused her a lot of stress and upset.

Putting things right

I appreciate Mrs B feels the whole situation was caused by Aviva. But for the reasons I've explained above I don't think it would be fair to ask Aviva to cover the total cost of installing a new, and slightly more powerful, boiler system. That wouldn't be fair when considering the terms and conditions of the homeserve policy.

Having thought carefully about everything that's happened, I do think Aviva should do more than offer the replacement costs of around £950. The actions of its engineers led to Mrs B feeling she couldn't trust Aviva to repair the system again.

I can see our investigator suggested Aviva increase its offer to £1380.60 from £948.41. This means the amount it's paying towards the cost of the newly installed boiler has increased from 45% to 65%. And I think that's fair and reasonable in the circumstances.

I can see Aviva has offered £350 compensation for Mrs B's trouble and upset. And a further £45 towards her increased electricity costs. I think that's the right amount given what's happened. And I won't be asking Aviva to increase the compensation offered.

My final decision

My final decision is that Aviva Insurance Limited should pay Mrs B a total of £1775.60 as follows:

- £1380.60 towards the cost of her replacement boiler
- £350 compensation for her trouble and upset
- £45 towards her increased electricity costs

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 7 January 2021.

Andrew Mason
Ombudsman