

The complaint

Mr S complains about the installation costs he was charged by Aviva Insurance Limited for fitting a new boiler.

What happened

In January 2019, Mr S made a claim on his home emergency insurance policy after one of his boilers broke down. Aviva sent out an engineer, who found the boiler was beyond economic repair. The policy terms said that if a boiler was more than seven years old and beyond economic repair, Aviva would replace the boiler, so long as a policyholder paid the installation costs.

Aviva visited Mr S to give him a quote for the costs of installing a new boiler, together with some additional extras. The total quote was for around £1500, although the fitting costs were around £1230. Mr S agreed to the quote and the new boiler was installed a few days later.

Mr S wasn't happy about the installation costs he'd paid. He felt they were too high. He said the person who'd given him the quote had told him he couldn't use any other company to install the boiler; he had to decide there and then; and his boiler would no longer be insured if he didn't go ahead. He also told us that he'd previously had a free boiler from Aviva, but that at that point; he'd been able to get his own engineer to install it. He asked us to look into his complaint.

Our investigator asked for some more information from both parties. Mr S provided a quote for an independent engineer for installing the boiler, which was broadly £350 cheaper than Aviva's fitting costs. Aviva confirmed Mr S had needed to replace one of his boilers in 2015. But it said at that point, the policy didn't offer the same level of cover and didn't include replacing a boiler. It had simply provided cover for a payment of £200 as a contribution towards replacing boilers which were beyond economic repair. So that's what it'd paid Mr S, who'd replaced his own boiler and got it fitted privately.

The investigator thought Mr S's complaint should be upheld. He felt it was most likely that Aviva had told Mr S he had to make up his mind about going ahead with the quote there and then. And he thought Mr S had likely accepted Aviva's quote because it was the middle of winter and he felt he had no choice. He also thought Aviva had given Mr S the wrong information about his policy terms and that the terms indicated he could have a free boiler and pay someone else to install it. He recommended that Aviva should refund the difference between its fitting costs and the quote Mr S had provided, together with interest of 8%.

Aviva disagreed. It said there'd been no pressure on Mr S to accept the quote. It said Mr S could've gone elsewhere. It'd spoken to the person who provided the quote, who said every customer with a boiler which was beyond economic repair would be told a free boiler was available, but that they must pay installation costs. He'd said every customer has 14 days to make up their mind, but in this case, Mr S had accepted the quote straight away and paid the deposit.

Aviva explained that the policy had changed in 2017 to include cover for replacing boilers

that were beyond economic repair – it simply wasn't available before that date. It also queried why Mr S had asked it to provide a quote if he wanted to use a private installation company. It asked for an ombudsman to review the complaint.

I issued my provisional decision on 20 July 2020. In my provisional decision, I explained the reasons why I thought Aviva had treated Mr S fairly. I said:

'The policy terms

Both parties accept that Mr S' boiler was beyond economic repair when Aviva's engineer visited. So I've looked carefully at the policy terms to see what cover Aviva provides in these circumstances. The policy says:

'Obsolete parts and BER -after 6 months

If the boiler is deemed beyond economical repair and is 7 years or older, we will source, replace and install a new boiler but you will be required to pay the installation costs. We will provide for you, a quote for this work.'

It continues:

'Once your boiler has been replaced...you will be transferred to a similar policy without cover for your gas boiler.'

I think the policy makes it clear that Aviva will only find and replace a boiler if a policyholder pays its engineers to do the installation. I don't think the policy suggests in any way that a policyholder can benefit from Aviva providing a free replacement boiler but choose to get their own private engineer to fit it. I'm also satisfied that once a boiler has been replaced, gas boiler cover ends.

This means I don't think Mr S had an option to get a free boiler from Aviva but organise his own fitter. If he wanted to get a boiler installed privately, he'd have also needed to find and pay for a replacement boiler himself. Mr S chose to go ahead with Aviva's quote, so I'm satisfied he agreed to pay its installation costs when he signed the agreement and paid the deposit.

Aviva told us this cover only became available in 2017. Before that date, it didn't source and replace boilers that were beyond economic repair – it simply made a £200 contribution towards the cost of a new boiler. This is why Mr S was able to use his own private engineer to fit a new boiler back in 2015 – because he'd had to replace the boiler himself.

Was Mr S pressured into agreeing to Aviva's quote?

Mr S says Aviva's employee told him he had to make up his mind about the quote there and then. And that he wouldn't be covered anymore if he didn't go ahead with it. The policy suggests that Mr S' boiler wouldn't be covered once the replacement was done. So this information would seem to be right. Aviva's provided very detailed and specific details from its employee about what happened, which suggest Mr S agreed to the quote immediately with no quibble about the price.

Aviva came to Mr S' home to provide a quote. I think the policy terms do make it clear that Aviva will quote for this work. It seems to me that Mr S could've chosen not to get a quote from Aviva if he'd wanted to use his own engineer. Or he could've compared prices once he'd got Aviva's and other quotes.

Even if Mr S did feel pressured into accepting the quote though, I wouldn't think he'd lost out

financially. That's because the private quote he's sent us only includes the costs of fitting a boiler he supplied himself. As I explained, if he'd opted to use a private engineer, Mr S would've had to buy his own boiler at his own cost. Boilers tend to start from around £600-800 for budget models and increase in price. So the installation only quote doesn't seem to be a true reflection of the actual costs Mr S would've incurred if he'd had the work done privately. It seems to me this would likely have been at least £1400.

Mr S paid Aviva around £1230 for the actual installation costs of the boiler. So I currently think he's most likely better off financially as a result of Aviva replacing and installing the boiler than he would've been if the work had been done privately.

Overall, I currently don't think Aviva has treated Mr S unfairly. And I'm not planning to tell it to pay him anything more.'

I asked both parties to send me any further evidence or information they wanted me to consider.

Aviva had nothing further to add.

Mr S disagreed with my provisional findings. He said the crux of his complaint was that he was told he had no other option but to accept its quote for installation (assuming he accepted the free boiler).

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, while I'm sorry to disappoint Mr S, I've decided not to uphold his complaint.

I've thought about what Mr S has said. Mr S wasn't obliged to arrange a quote through Aviva if he wanted to use his own engineer. But the policy terms and conditions are clear that if Mr S wanted Aviva to replace his boiler, he would be responsible for paying the installation costs. If Mr S wasn't happy to pay these costs, it was open to him to turn down the quote and arrange for his own engineer to source and install a new boiler for him. And as I've explained above, I think Aviva installing the boiler likely cost Mr S less than the cost of buying his own boiler and getting it installed would've done.

So overall, I don't think Aviva needs to do anything more.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that I don't uphold Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 September 2020.

Lisa Barham
Ombudsman