

The complaint

Mr A and Mrs H are unhappy about how UK Insurance Limited (UKI) dealt with their claim under their home emergency policy when their boiler stopped working.

What happened

Mr A and Mrs H's boiler stopped working. So, they contacted UKI to arrange for an engineer to come out under their home emergency policy. An engineer attended the next day and found that the boiler was beyond economic repair.

UKI offered Mr A and Mrs H £250 towards a new boiler. Mr A and Mrs H turned this down as they thought that the policy provided for more than this as a contribution towards a boiler. So, Mr A and Mrs H complained to UKI. When UKI replied it maintained its decision on how to settle the claim.

Mr A and Mrs H complained to this service. Our investigator didn't uphold the complaint. He said that UKI had acted in line with the terms and conditions of the policy.

As Mr A and Mrs H did not agree, the complaint has been referred to me.

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.

Mr A and Mrs H's boiler was declared beyond economic repair because the cost of repairing the boiler was more than 85% of the manufacturer's current retail price. Mr A and Mrs H have said that they should have been offered more towards the cost a new boiler, including £250 for the cost of alternative accommodation and Mr A's pay for the day on which the engineer attended.

I've read the policy terms and conditions. These said:

"If we find out your boiler is beyond economic repair, we will pay £250 towards the cost of a new one."

So, on that basis, I think it was reasonable for UKI to offer £250 towards the cost of a new boiler, as that was in line with the terms and conditions of the policy.

Mr A and Mrs H have said that they should have been offered more money towards a new boiler because there was a separate £500 limit for the emergency assistance call out itself. The policy said:

"we will pay up to £500 (including VAT) for each emergency assistance call out to cover the cost of:

- the call out*
- labour at your home*

- parts.”

So, I think the policy is clear about what the £500 is for and that it is to deal with the costs related to the emergency assistance call out only. For example, there was a cost for the engineer to attend and this was covered under this part of the policy. The policy didn't say that some or all of the £500 could also be used as a contribution towards the cost of a new boiler. So, I don't think it would be fair for me to say that UKI should pay more towards the cost of the boiler based on this section of the policy.

Mr A and Mrs H have also complained that they weren't offered alternative accommodation as they stayed at a friend's house for some of the time until their boiler was replaced. They have said that they should be paid the £250 for alternative accommodation under the terms of the policy.

I've looked at the wording of the policy. This said:

“In the event that your home is not fit to be lived in as a result of an emergency and remaining so overnight, we shall also at your request, arrange and pay up to £250, including VAT in total for:

- *one night's accommodation for you.”*

I've listened to the phone call where Mr A and Mrs H reported that their boiler wasn't working. During that phone call, the call handler asked whether there were any health and safety issues or vulnerable people in the home. Mr A said that there was a young child and an adult over 70 years old. The call handler asked if there was heating and Mr A said there wasn't and that he would buy some heaters. So, although Mr A explained about who was in the household, I don't think there was an indication that their home wasn't fit to be lived in or that Mr A and Mrs H might require accommodation.

I also note that, according to the wording of the policy, the £250 for accommodation wasn't a fixed amount that would be paid to the policyholder. Instead, it was a maximum amount that UKI would pay to an accommodation provider for accommodation that it had arranged. So, I don't think that this was an allowance that was payable directly to Mr A and Mrs H.

I'm aware that Mr A and Mrs H have also said that they had to stay elsewhere for some of the time until the new boiler was fitted and that they think this also means they should be paid £250 for alternative accommodation. So, I've thought about this as well. The engineer came out the day after the fault was reported and declared the boiler beyond economic repair. At that point, the only part of the policy that applied was for UKI to offer the £250 contribution towards a new boiler, which it offered the same day. Mr A and Mrs H turned it down. However, UKI wasn't responsible for arranging for a new boiler to be fitted or the timings of this happening. So, if the timings for fitting the new boiler weren't what Mr A and Mrs H expected, they would need to discuss this with the company that fitted the boiler. But I can't see that this means that UKI should make a payment towards alternative accommodation.

Mr A also said that he should be paid his daily rate for being at home the day the engineer came out. The terms of the policy don't provide an allowance for loss of earnings. We would also expect a certain level of disruption to deal with an insurance claim, which includes sometimes needing to be at home for an engineer.

When I listened to the phone call reporting the fault with the boiler, Mr A was asked when he was available for an engineer to visit. Initially, Mr A said that the engineer could come any time the same day or in the evening of the next day. Mr A then said that the engineer could

come at any time the following day as someone else would be at home. I note that Mr A and Mrs H said that the engineer attended at about 8.30am the next day.

I'm also aware that, although Mr A and Mrs H then needed to arrange for a new boiler to be fitted, it wasn't part of UKI's role to supply or fit the boiler. Mr A and Mrs H said that by about 9am that day UKI had offered them £250 towards a new boiler. Based on the terms of the policy, that was all it was required to do by that point.

So, based on the way that the claim was handled and the terms of the policy, I can't see any reason why UKI should pay Mr A's daily rate for the day on which the engineer attended or while Mr A and Mrs H were arranging for a new boiler to be fitted.

Mr A and Mrs H have also said that it caused them stress to deal with the boiler issues. I accept that it can be stressful to deal with issues like this, particularly as they are often unexpected. However, I think that UKI promptly sent an engineer to deal with the boiler and that although Mr A and Mrs H then had to arrange a new boiler, as I've previously explained, UKI weren't responsible for arranging this. So, while I can understand that this was a stressful situation, I don't think that was because of the actions of UKI or that it should pay compensation as a result.

Mr A and Mrs H were also unhappy about how their complaint was handled by UKI. Complaint handling isn't a regulated activity, so I am not able to comment on this, as it doesn't come within the remit of this service.

So, thinking about all of the above, I think that UKI offered an appropriate amount towards a replacement boiler and that it acted in line with the terms and conditions of the policy. I don't uphold this complaint or require UKI to do anything further.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs H to accept or reject my decision before 2 December 2020.

Louise O'Sullivan
Ombudsman