

The complaint

Mr J complains about the costs Royal & Sun Alliance Insurance Plc (RSA) charged him for handling his claim on his home emergency insurance policy.

What happened

In March 2020 Mr J's boiler failed to start. An engineer who came out under his home emergency insurance policy replaced the boiler fan. The following day Mr J's boiler failed to start again. The engineer said the old fan had "*taken out*" the circuit board on the boiler, which therefore needed to be replaced.

The total cost of Mr J's claim was £483.60. His policy excess was £60. The limit on Mr J's boiler cover was £300, because his claim was made within three months of his policy's start date. RSA charged Mr J £183.60 for replacing the fan and the circuit board.

Mr J complained to RSA. He didn't think he should be charged for the circuit board failure because it seemed this was caused by the engineer replacing the fan.

RSA didn't uphold Mr J's complaint, so he came to us. The investigator who looked at Mr J's complaint upheld it. He thought the excess was the first part of the policyholder's claim and so should be deducted from the total cost of the claim, with RSA covering the remaining amount, up to the policy limit. So he thought RSA should reimburse Mr J £60 and pay him 8% per annum simple interest on that amount from the date he paid RSA £183.60 until the date of settlement.

RSA disagrees and so Mr J's complaint has come 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.

I've decided to uphold Mr J's complaint. I'll explain why.

My starting point is Mr J's home emergency insurance policy. This says the "excess" is the first part of each and every claim he must pay before an engineer is sent to assess his claim. It says the charge doesn't apply to subsequent visits made within 30 days to fix the fault identified at the initial callout.

As I've mentioned, Mr J's policy has an excess of £60.

Mr J's policy also says for the first three months from his policy start date, RSA will only pay a maximum of £300 for any claim relating to his central heating boiler.

The cost of the repairs to Mr J's boiler was £483.60. Having taken payment for his excess of £60 when it sent out its engineer, RSA said Mr J also had to pay £183.60 to get his boiler repaired.

RSA says it's entitled to do this because Mr J's policy excess of £60 and his cover limit of £300 are unrelated. It says the excess is an amount that must be paid before an engineer is sent out.

Like our investigator, I don't agree. Our general approach to cases like these is that a policy excess is a policyholder's contribution towards the claim. So it should be deducted from the full claim amount and the insurer should then cover the remaining amount of the claim up to the policy limit.

In this case, the full claim amount was £483.60 and the limit on cover was £300. Deducting the excess from the full claim amount leaves a balance of £423.60. This means RSA should've charged Mr J £123.60 (rather than £183.60) to repair the boiler. So I think it's fair and reasonable RSA should reimburse Mr J £60 (plus simple interest) to put things right for him.

Mr J has queried whether the engineer should've found the fault with the circuit board on his first visit – meaning he wouldn't have incurred some of the costs of the second visit.

I've looked at the engineer's notes of his visits. For the first visit, they say the old fan failed due to wear and tear. They say he replaced the old fan, carried out all safety checks and all was "*correct*". For the second visit the following day, they say the old fan "*took out*" the circuit board. They also say the engineer contacted the boiler manufacturer to discuss his findings and these were confirmed by the manufacturer.

I understand from RSA the circuit board needed to be replaced due to the circuitry being damaged over time by the old fan. RSA says that, since on the first visit, the repair was (seemingly) successful, it wouldn't have expected the engineer to "*have diagnosed both components during the same attendance*". From the evidence I've seen, I don't think this was an unreasonable position for RSA to have taken. On that basis, I don't think RSA did anything substantially wrong here.

Putting things right

I direct RSA to put things right for Mr J as I've set out below.

My final decision

For the reasons I've given, I uphold Mr J's complaint and direct Royal & Sun Alliance Insurance Plc to pay Mr J £60 to reimburse him for his claim.

Royal & Sun Alliance Insurance Plc should also pay Mr J simple interest of 8% per annum on this amount from the date he paid RSA £183.60 to the date of settlement.

If Royal & Sun Alliance Insurance Plc considers it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr J how much it's taken off. It should also give Mr J a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or

reject my decision before 15 February 2021.

Jane Gallacher
Ombudsman