

The complaint

Mr S' complaint is about the refusal of a claim under his central heating insurance policy with Aviva Insurance Limited (Aviva).

What happened

On 3 December 2019, Mr S made a claim after his boiler broke down. Aviva sent an engineer who diagnosed that the boiler was beyond economic repair as the part it required was obsolete. The engineer advised Mr S that he would need a new boiler and he was quoted for this. He also advised that he could get an independent engineer to quote, which might work out cheaper.

On that same day, Aviva told Mr S that his boiler would no longer be covered and so his premiums for the policy would be reduced from 4 December 2019, as per the terms and conditions of his policy

Mr S later found another engineer who came and examined the boiler. Mr S describes that that engineer fixed the boiler without the needing to replace it and the boiler has worked ever since. He paid the engineer £125 labour costs but didn't get an invoice.

Mr S contacted Aviva to complain. Aviva in its final response said that its engineer diagnosed that the boiler was beyond economic repair. It understood that Mr S had obtained an independent engineer who fixed his boiler. But without any invoice or report from that engineer that showed that Aviva had misdiagnosed the issue, Aviva were unable to settle his claim of £125. But it removed the boiler cover from Mr S' plan and applied a discount to his account, in respect of the premiums for his boiler cover.

Mr S was unhappy about this and referred his complaint to this service.

Our investigator upheld his complaint. She said that Aviva didn't treat Mr S fairly. She felt that it should refund the £125 cost that Mr S paid out as its engineers ought to have repaired the boiler at its first visit. She said that because he and his family were inconvenienced during the winter for a week, Aviva ought to pay compensation of £250. Finally, that Aviva ought to refund £69 in respect of the overpayment of his premiums.

Aviva didn't accept our investigator's view. It said it had applied the discount to Mr S' account in accordance with its terms and conditions. It confirmed that it would now reimburse Mr S's fee of £125 for the independent engineer. Finally, it said that the £250 compensation for the trouble and upset caused - was too high. So, it asked for a decision from an ombudsman.

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 considered the complaint and I thought the complaint should be upheld in part. I issued a provisional decision on 21 September 2020 and asked both parties to send me anything else by 21 October 2020. In my provisional decision I said:

Aviva has offered to reimburse £125 to Mr S for the payment he made to the independent engineer who fixed his boiler. It has done this without the need for Mr S to obtain any invoice or report from that engineer and on the basis that it accepted that it ought to have repaired the boiler at the first visit. So, I think it has been fair in agreeing to reimburse Mr S for this payment.

I have next looked at whether Aviva was unreasonable in not refunding a further £69 in premium payments. Having reviewed the evidence, I don't think it was and I'll explain why.

In December when Aviva contacted Mr S to tell him that it had deemed his boiler beyond economical repair, it informed him that he would receive a refund of the premiums that he had paid in respect of his boiler cover. It accepted that the discount it applied to Mr S's account was applied later than it would've liked. But it was done, as there was an ongoing dispute. Nonetheless, I can see that the discount was based on the date that his boiler was declared by them to be beyond economical repair, although it was applied at a later date in line with the policy terms and conditions which said:

'If upon making a claim during the first 6 months of cover your boiler is deemed to be BER or the parts required to fix your boiler are obsolete, you will be transferred to a similar policy without cover for your gas boiler. Your premium will be adjusted accordingly and a proportionate refund (calculated daily) in respect of the difference between the premium for your old policy and the premium for your new policy...'

So I am satisfied that Aviva were fair in relying on the policy terms and conditions by applying the discount to Mr S' account which meant that he was effectively refunded for the whole premium that related to the boiler cover from the date that the boiler was declared beyond economical repair. So I can't ask Aviva to do anymore in respect of this.

Finally, I have considered whether the compensation of £250 for the distress and inconvenience caused was fair in the circumstances.

Our investigator felt that £250 was a fair level of compensation given that Mr S and his family were without heating and hot water for a week. She noted that Mr S has five children.

I have considered the local weather reports which are usually the best evidence I can rely on to check the weather during that week. I can see that for the time of year the weather was relatively mild. But despite this I accept that not having heating and hot water with a large family would have been unpleasant. So, in view of all of this, I agree that a fair and reasonable level of compensation, taking everything into account would be £250.

Putting things right

As neither party has responded, my final decision is the same as my provisional decision and for the same reasons.

My final decision

For the reasons I have explained, my final decision is that I uphold this complaint in part. I direct Aviva Insurance Limited:

- To reimburse Mr S £125 for his bill if it hasn't already
- Pay £250 compensation for the distress and inconvenience caused.

Aviva Insurance Limited must pay the compensation and refund within 28 days of the date on which we tell it Mr S accepts my final decision. If it pays later than this it must also pay interest on the compensation and refund from the date of my final decision to the date of payment at 8% a year simple.

If Aviva Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S 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 S to accept or reject my decision before 26 November 2020.

Ayisha Savage
Ombudsman