

The complaint

Mr and Mrs A complain that AWP P&C SA is responsible for mishandling their claim on a home emergency insurance policy.

What happened

Mr and Mrs A had a policy that included cover for their central heating boiler. It provided for repairs up to a limit of £1,000.000 or – if the boiler was beyond economic repair (“BER”) - £500.00 towards a replacement.

AWP was the insurer responsible for dealing with claims. Where I refer to AWP, I include engineers and others insofar as I hold AWP responsible for their actions.

In addition to the policy, Mr and Mrs A had a maintenance cover package with a facilities management company.

Mr and Mrs A’s boiler began to cause problems. They asked for help from the facilities management company and from AWP. But in January 2020, they paid over £2,000.00 for a new boiler to be installed. They complained to AWP that it should contribute £500.00.

AWP sent a final response dated 4 March declining such a payment. Unhappy with that, Mr and Mrs A brought their complaint to us the same day.

Our investigator didn’t recommend that the complaint should be upheld. She thought that a £500.00 contribution towards a replacement boiler was only payable when an AWP appointed engineer deemed it to be BER.

Mr and Mrs A disagreed with the investigator’s opinion. They asked for an ombudsman to review the complaint. He says, in summary, that:

- The repair value was over the £1,000.00 limit prescribed within the policy and meant that he would have had to contribute to the cost of the repair. Under normal circumstances the cover would not continue with the repair, as advised by the insurer’s agent. The value of replacing the boiler would mean the repair was more than 50% of the quotes he obtained, for the same new boiler.
- The boiler continued to break down, continued leaking and was totally unreliable, hence other major parts were fitted by the maintenance company. The insurer’s agent was kept advised of the breakdowns but did not offer to attend to do any further work.
- Several experienced engineers did confirm what was needed to repair the boiler and disputed the repair suggested by AWP’s repairer, hence they continued to replace parts. In such circumstances the cumulative repairs and the cost of these added to AWP’s adviser cost, justifies the boiler being beyond economic repair

- The boiler was beyond economic repair due to the cost of that repair and the fact that it would not have prolonged the life without further work being done, which happened during the intervening period and was done by the maintenance supplier.
- He and Mrs A were also due to go on a holiday abroad for two weeks and an unreliable boiler running during that period would have been unwise.

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.

The policy terms included the following definition:

Beyond economic repair

*The point at which **our tradesperson** considers the repair costs (taking into account the parts and labour required) to be more than the value of the boiler. The value is based on its date of manufacture, type and make and whether or not replacement parts are still available."*

So the policy said that the opinion of AWP's tradesperson determined whether or not the boiler was BER. But I will consider whether AWP applied the policy term fairly.

The policy terms also included the following:

*"££ If **your boiler is beyond economical repair** or replacement parts are no longer available, **we** will also pay up to **£500** in total (incl VAT) towards the labour and parts to replace the boiler, once **we** receive confirmation that the boiler has been replaced."*

In December 2019, Mr and Mrs A's boiler began to leak. And they contacted AWP. On 6 December 2019, AWP inspected the boiler. Its note includes the following:

"...age approx. 13 years old last serviced in the last 12 months condition is good. On arrival found boiler leaking. Traced leak to heat recuperator. New heat recuperator and pipe required. Job incomplete, further visit required to replace heat recuperator."

Mr A is adamant that the boiler was no more than ten years old. He hasn't provided any evidence of its age, but I accept what he says. If the boiler had been older then it might've been of less value.

From its notes, I see that AWP ordered parts. That took longer than everyone hoped.

I haven't seen any policy excess or fixed call-out fee. And AWP's file records that its tradesperson was asking Mr A for a payment. So I accept his statement that the repair was going to cost over the policy limit of £1,000.00 and the tradesperson was asking him to pay the balance.

So the repair was expensive keeping in mind the age and the likely cost of replacement of the boiler.

Nevertheless, the evidence shows that AWP's tradesperson didn't consider that the cost of repair was more than the value of the boiler. And there's not enough technical evidence to show that the tradesperson was mistaken.

Indeed, Mr A later said the following:

“[the facilities management company] then replaced the heat exchange unit and condensating pipe on 3rd of January 2019. Since that date the boiler has continued to have leaks and failed to operate on a number of occasions”.

So the facilities management company must also have considered that the boiler was repairable. And I find it likely that the work done by the facilities management company had reduced the cost of the repair that AWP had intended to carry out. So from 3 January, the boiler should've been more economic for AWP to repair.

Unfortunately, the facilities management company's work hadn't stopped the boiler leaking and failing to work. But AWP wasn't responsible for that.

Mr A contacted AWP and said he and Mrs A didn't want to proceed with the repairs. They decided to replace the boiler.

I can quite understand that Mr and Mrs A needed a reliable boiler. They particularly didn't want a boiler failure or leak while they were going to be away on holiday from 16 January for two weeks.

But they made their decision without giving AWP an opportunity to re-assess the boiler. And there's not enough evidence of the costs of (further) repairs or the value of the boiler.

So I don't find that AWP treated Mr and Mrs A unfairly by declining to make the payment of £500.00. I don't find it fair and reasonable to direct AWP to pay that amount to Mr and Mrs A.

My final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct AWP P&C SA to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A and Mr A to accept or reject my decision before 6 January 2021.

Christopher Gilbert
Ombudsman