

The complaint

Mrs D complains AWP Assistance UK Ltd (trading as Allianz Global Assistance) (Allianz) mis-sold her a boiler breakdown insurance policy.

Mrs D has been represented in this complaint by Mr D. But since Mrs D is the policyholder, I'll mostly refer to Mrs D in this decision.

What happened

Mrs D bought her boiler breakdown cover online in April 2019 through a utility company website. The policy was sold by Allianz.

Mrs D's policy says she isn't covered for the cost of repairing her boiler if it's beyond economic repair. The policy says this is when the insurer's approved engineer says the repair costs (taking into account the parts and labour required) are more than the value of the boiler. It says this is based on the boiler's date of manufacture, type and make and whether or not manufacturer replacement parts are still available.

In November 2019 (I believe following a breakdown) the insurer told Mrs D her boiler was beyond economic repair. When she complained about this, the insurer said parts for Mrs D's boiler would cost nearly £750 and costs for labour and a power flush to the system would also need to be added. As against these repair costs, it said it had valued Mrs D's boiler at £583.33. And it said it had done this by working off a matrix based on the depreciation of a boiler that's calculated "*in line with the market based on the number of repairs*" to the boiler.

Mrs D says she wouldn't have bought the policy if she'd known about the matrix and the value the insurer gave her boiler when she claimed. So she says Allianz mis-sold her the cover.

The investigator who looked at Mrs D's complaint didn't think Allianz needed to take any further action. She said it was for the insurer (and not Allianz as the seller of the policy) to decide the boiler's value and whether it was beyond economic repair at the time Mrs D made a claim. She said she wouldn't have expected Allianz to share this information with Mrs D when she bought the policy.

Mrs D disagrees and so her complaint has come to me to decide.

I know Mrs D has previously complained to us about how the insurer handled her claim for the boiler repairs. I understand that complaint is now closed. But, just to be clear, my decision here relates *only* to the sale of the policy by Allianz.

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, I've decided not to uphold Mrs D's complaint. I know this will disappoint her and Mr D – who has argued strongly for it to be upheld. But I hope the reasons I'm about to give will help them to understand why I've reached this conclusion.

Before I give my reasons, I should say I'm disappointed Allianz hasn't given us its file for Mrs D's mis-sale complaint, despite our requests. It means the information I have about the policy sale to Mrs D is quite limited. But I'm grateful Mr D has told us what he remembers about it.

Mr D says he/Mrs D went through a utility company website, which took them to Allianz's website. He says he and Mrs D knew when they were buying the policy there was a section in it about what happens when a boiler is beyond economic repair. But they say Allianz should've made it clear the insurer would value the boiler at £583.33 if Mrs D needed to claim.

From the information I have on this complaint – and especially bearing in mind Mrs D applied for it online – I don't think it's likely Allianz made a bespoke recommendation to her to buy the cover. So it didn't need to make sure it was right for her in her particular circumstances – that was something Mrs D needed to decide for herself. But Allianz did need to give Mrs D enough clear information about the main terms and conditions of the policy, so she could make her decision about whether or not to buy it in an informed way.

If there are important conditions, limitations or exclusions in a policy – particularly where these wouldn't be obvious to a customer, aren't standard, or restrict the cover on offer – we'd usually expect a business to draw these to a customer's attention.

From what Mr D (on Mrs D's behalf) has said, Mrs D was aware that her boiler wouldn't be covered if it was beyond economic repair. So I think it's likely this limitation on cover was made reasonably clear to Mrs D by Allianz – as I would've expected. And the policy document is also clear the maximum amount the insurer will pay out during the period of cover is £1,500 (including VAT).

But Mrs D says Allianz should've gone further and told her *before* she bought the cover the specific value the insurer placed on her boiler. She says this is effectively the amount of cover the policy gives and so should be given when the policy is sold, since it's a major factor in deciding whether or not to buy it.

While I understand the arguments Mrs D makes, I don't agree. I don't think it's standard industry practice for sellers of this type of boiler breakdown insurance to give anyone who applies for cover the specific value an insurer might place on their boiler if they were to make a claim in the future. Nor do I think it would be fair and reasonable in Mrs D's particular case to require Allianz, as the seller of the policy, to do so. I think it was enough that Mrs D was made aware when she bought the policy that – in addition to the overall cover limit of £1,500 – there'd could be circumstances when, below that level of £1,500, the insurer might decide her boiler was beyond economic repair under the policy terms.

I've seen the matrix the insurer used to decide Mrs D's boiler was beyond economic repair. As you might expect, it looks at a boiler's age as against a sliding scale of repair costs (exclusive of VAT). We haven't been able to show Mrs D this matrix because it contains commercially sensitive information. And for this reason – in addition to those I've already given – I wouldn't have expected Allianz (as the seller of the policy) to make this information available to Mrs D when she bought the policy (even supposing it had access to it).

I agree with our investigator that it was only when Mrs D made a claim that I'd expect the insurer to make an assessment about whether or not her boiler was economic to repair – and this is what happened in Mrs D's case.

I've considered all the arguments Mr D has made on Mrs D's behalf. But while I know the strength of his views on this complaint, they don't change my conclusions. From what I've seen, I don't think Allianz treated Mrs D unfairly when it sold her the policy, so I don't think it needs to do anything to put things right for her.

My final decision

For the reasons I've given, I don't uphold Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 11 March 2021.

Jane Gallacher
Ombudsman