

The complaint

Mr and Mrs P complain that Great Lakes Insurance SE is responsible for poor service in connection with a home emergency insurance policy.

What happened

The Financial Ombudsman Service deals with a consumer complaint against one insurance company or other regulated financial firm at a time. Where it is a complaint about a claim under an insurance policy, we treat it as a complaint against the insurance company that was responsible for dealing with that claim. In our final decision we name the firm, but we don't identify any other party.

For a year from 21 April 2019, Mr P had a policy for his central heating boiler. Each claim was subject to a £95.00 policy excess (which has also been referred to as a call-out fee).

The policy was branded with the name of an energy supply company. But Great Lakes was the insurance company that was responsible for dealing with claims. Where I refer to Great Lakes, I include its call-handlers and others insofar as I hold Great Lakes responsible for their actions.

In August 2019, Mr and Mrs P had a fault with their boiler resulting in only intermittent heating and hot water. On 5 August 2019, he paid the policy excess. Mr P says Great Lakes made several visits and did a repair that was completed on 20 September 2019. That involved the replacement of a spare part for the boiler.

Mr and Mrs P had a baby born on 31 October 2019.

On 17 November 2019, Mr P believed there was a recurrence of the same fault with the boiler. They again had only intermittent heating and hot water. He called Great Lakes again. It said that he would have to pay another £95.00 excess as it had been more than 28 days since the previous repair. Mr P complained that he shouldn't have to pay it.

Great Lakes acknowledged the complaint on 20 November 2019.

In December 2019, Mr P got another company to fix the boiler.

Great Lakes wrote a final response dated 17 January 2020. It apologised that calls on 17 November 2019 had ended abruptly. Unhappy with that response, Mr and Mrs P brought their complaint to us within a couple of days.

Our investigator recommended that the complaint should be upheld in part. She didn't think that Great Lakes had done enough to support Mr P when he called in November 2019. At first, the investigator recommended that Great Lakes should:

1. pay £75.00 compensation for the trouble and upset caused; and
2. consider the other company's engineer's report and, if identified as being related to

the earlier repair, refund the £95.00 call-out fee paid for that repair.

Later, the investigator said she couldn't say for certain that the second call-out was needed because the first repair or part had failed. So she didn't recommend that Great Lakes pay the call-out fee. She recommended that Great Lakes should consider paying half of it.

Great Lakes agreed with the investigator's opinion. Indeed, in addition to the £75.00 it offered £50.00, a total of £125.00. The investigator thought that was fair.

Mr and Mrs P disagreed with the investigator's opinion. They asked for an ombudsman to review the complaint. They say, in summary, that:

- They feel we are putting an unrealistic burden of proof on them and the other company to investigate the boiler to prove that Great Lakes' work failed, and gives them a presumption of innocence. On the balance of probabilities, the fact that the same issue was occurring before and after Great Lakes' repair, which then was resolved completely when the other company undertook a repair suggests that either Great Lakes failed to repair the problem, or their repair failed. They don't think Great Lakes' argument that two separate issues occurred and they and the other company fixed one each is very likely.
- Great Lakes acted badly. It failed to respond to the complaint and to us within deadlines. It has caused further delays.
- Great Lakes has failed to respond and provided poor service. Great Lakes shouldn't be enabled to treat their customers as they have treated Mr and Mrs P. They don't think £125.00 sufficiently compensates them or is sufficiently punitive on Great Lakes.

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 Financial Ombudsman Service is not a regulator. Rather we look at each consumer's complaint and decide whether a firm has done anything wrong. If it has then we look to put that right for the consumer.

We do that by assessing the impact on the consumer in terms of any financial loss or distress and inconvenience. We assess compensation by reference to that impact. We don't assess compensation by reference to punishing or deterring bad behaviour.

The Great Lakes summary of cover stated as follows:

"all replaced parts are guaranteed for 12 months."

Great Lakes hasn't shown us any policy term saying that - after a repair - a second excess would be charged for a recall for the same issue outside any particular time limit.

From what he's shared with us, on about 31 October 2019 Mr P changed his energy supply deal to one that also gave him boiler cover with the other company.

In addition, he still had the policy under which Great Lakes was responsible for dealing with claims. Mr P wasn't to know that Great Lakes had changed its call-handlers since his claim in August 2019.

From the call recordings on 17 November 2019, I'm not satisfied that Great Lakes' communication with Mr P was of a satisfactory standard. Mr P felt the call-handlers passed him around and hung up on him. So I accept that Great Lakes caused Mr P distress and inconvenience.

In my view it would've been fair and reasonable for Great Lakes to send an engineer to look at the boiler. It could then have assessed whether it had the same fault as before, and if so whether its repair had been done to a satisfactory standard. If not, Great Lakes should've agreed to waive or refund the excess.

That said, I consider that Mr and Mrs P have the burden of establishing their complaint that Great Lakes' repair or its spare part failed. I agree that the standard of proof is the balance of probabilities (rather than the investigator's test of whether she could be certain).

Great Lakes says that it had replaced an electrode which links to the ignition unit but is not the full unit itself.

Some time passed before Mr P's calls on 17 November 2019. Mr P has said the same boiler fault recurred. But – whilst the experience of having intermittent heating and hot water was the same as before – the other company identified two boiler faults in the following order:

“...the engineer attended your property on 16 December 2019 to carry out long duration job for your central heating boiler. Drained and replaced primary heat exchanger. Checked expansion charge. Refilled tested.

...the engineer attended your property on 30 December 2019 to carry out recall job for your central heating boiler. Replaced ignitor unit. All of the necessary safety and efficiency tests were completed and everything was found to be satisfactory.”

So the other company had first diagnosed a need to replace the main heat exchanger. And a couple of weeks later, when Mr and Mrs P still had a problem and recalled the company, it replaced the ignitor unit. I accept that a boiler – especially an older boiler – may have a few issues at the same time or different times.

Mr and Mrs P haven't provided enough technical evidence (from the other company or any other engineer) to persuade me that Great Lakes' repair or its spare part had failed. Rather, I find it more likely that the heat exchanger failed after the earlier repair. So it wouldn't have been unfair for Great Lakes to treat it as a new claim and to apply a second policy excess.

The Financial Conduct Authority Rules (DISP) required that after Great Lakes received the complaint it had to issue a final response within eight weeks. I don't condone missing that deadline even by a few days. But I don't consider that this caused Mr and Mrs P any extra difficulty.

We expect financial firms to respond to our requests for information promptly. Great Lakes did not always do so last summer on this complaint. But regrettably other factors had caused us delay earlier last year.

Putting things right

Overall, I'm satisfied that the offer of Great Lakes to pay £125.00 is fair and reasonable. I will direct Great Lakes to pay Mr and Mrs P (jointly) £125.00 insofar as it hasn't already done so.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct Great Lakes Insurance SE to pay Mr and Mrs P (jointly) £125.00 insofar as it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P and Mr P to accept or reject my decision before 19 March 2021.

Christopher Gilbert
Ombudsman