

The complaint

Mr and Mrs L complain that Alwyn Insurance Company Limited wouldn't contribute towards their replacement boiler under their home emergency insurance policy, as it said it was beyond economical repair.

What happened

When Mr and Mrs L found their boiler was leaking they contacted Alwyn and an engineer attended. The engineer reported that the boiler was beyond economical repair and so no assistance could be given. Because of this, Mr and Mrs L say they had to replace the boiler at their own cost and were tied to the house for 14 days to regularly empty the container placed under the boiler to catch the leaking water. They disputed the engineer's comments about the boiler.

Alwyn say the boiler is about eight years old and its current value considering depreciation is £430. The replacement cost is approximately £1,000-£1,200 for a like-for-like model. As the engineer confirmed the repair costs would exceed the amount it would spend on the boiler, taking into account its value, Alwyn said it was beyond economical repair. It said the £1,000 limit under the policy was an overall limit across all sections of the policy and subject to other terms and exclusions. Alwyn said the engineer accessed the boiler and was able to identify the issue.

Our investigator didn't uphold the complaint. She thought there was more evidence in support of the engineer's assessment and the policy terms had been followed correctly.

Mr and Mrs L disagree. They say more consideration has been given to Alwyn's version of events than theirs simply because the engineer is a qualified professional – and pointed out that they weren't asked to sign the report before the engineer had left. They felt this had gone against an accepted practice and meant they couldn't challenge the engineer's assessment.

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.

Mr and Mrs L's policy covers them for an emergency which occurs as a result of the complete failure to function or a breakdown of the main source of heating in their home. Should this happen, the policy will cover them for the emergency repairs required.

However, there are exclusions which apply to this. In particular "*The cost of, or contribution towards, replacing the main source of heating if it is beyond economic repair*" is not covered. "*Beyond economic repair*" is defined as meaning where the cost of repairing the boiler (including labour and parts) is more than its value, taking into account its age, make and model.

I've also kept in mind that insurers are required to handle claims promptly and fairly – and mustn't unreasonably reject them.

Alwyn's appointed engineer inspected the boiler and said it was beyond economic repair, as the repair costs would be more than the current value of the boiler. The crux of the complaint here is whether the engineer's diagnosis was correct.

There's a dispute as to the depth of his investigation. Mr and Mrs L say he didn't remove the side panel of the boiler, but Alwyn say the engineer diagnosed the issue after looking inside the boiler and was "*100% certain of the issue*". I can't be sure what happened but I don't need to make a finding on whether the engineer removed the side panel or said what he was alleged to say.

The engineer says that the boiler needed a new heat exchanger. I know how strongly Mr and Mrs L feel about this, but Alwyn made its decision based on the engineer's report. I appreciate Mr and Mrs L say they weren't asked to sign anything when the engineer left. Whilst that might be good practice, I don't think there's a requirement for this to happen. And I don't think this left them with no way of disputing this further. If they didn't agree with the engineer's diagnosis, Mr and Mrs L could have asked an independent engineer to attend and diagnose the fault. If their conclusion was different, I would expect Alwyn to consider this further. But this didn't happen. So on the one hand there is an expert's evidence that the boiler was beyond economic repair and on the other Mr and Mrs L's testimony disputing that.

In these circumstances I think it was fair for Alwyn to rely on the evidence it had in concluding the boiler was beyond economical repair. And I'm satisfied that the cost of the new boiler isn't covered under the policy. It's unfortunate that Mr and Mrs L had to pay for a new boiler and suffered inconvenience over the two weeks prior to its installation. But for the reasons given I'm satisfied Alwyn's decision was in line with the policy terms and was fair.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L and Mr L to accept or reject my decision before 7 April 2021.

Peter Whiteley
Ombudsman