

## The complaint

Mrs H complained that Royal & Sun Alliance Insurance Plc (RSA) hadn't told her that action needed to be taken following her most recent annual boiler service, that it charged her £60 excess in error and that it changed her policy terms without letting her know.

## What happened

Mrs H took out a HomePlan maintenance agreement with a third-party business, who I'll refer to as Company A, in 2012. In around 2015 the agreement became part annual boiler service contract and part insurance policy. RSA took over as the insurance policy underwriters in June 2017 and Company A continued to manage the day to day administration of the policy. The policy underwritten by RSA covered Mrs H's central heating system, boiler, plumbing, electrics, drains and pipes. The annual boiler maintenance agreement continued with Company A. The combined policies cost around £250 annually and were automatically renewed every year.

Company A carried out an annual service on Mrs H's boiler in March 2019 under the maintenance agreement.

Mrs H contacted Company A in July 2019 to report a fault with the boiler, and again the following day when the boiler started working again. Mrs H's husband then contacted Company A two days later, as the boiler had again stopped working and Mrs H was without heating and hot water. Company A said a £60 excess would be charged.

An engineer went to Mrs H's home the following day and found a variety of faults with the boiler. The boiler was assessed by Company A as being beyond economical repair (BER). Company A informed Mrs H that the boiler would need to be replaced, but that it couldn't be replaced under the RSA policy because the boiler was more than 10 years old.

Mrs H complained to RSA. She said when she took out the contract, she was told there would be no excess charged, and there hadn't been until 2019, so she said she shouldn't have been asked to pay this. Mrs H also believed her boiler would be replaced if it wasn't working and this was why she took the policy out. Mrs H said that there had been a boiler service every year and she was assured each time that the boiler was working fine.

Mrs H said when she first contacted Company A in July 2019, she was told she'd receive a call within a few hours. But by the time she contacted Company A to let it know the boiler was working again, over 24 hours had passed and she hadn't received a call as promised.

Mrs H said when the engineer inspected the boiler, he asked about the most recent service, as he said the boiler was mostly corroded. Mrs H said she's now seen service paperwork from the March 2019 service that highlighted issues with the boiler and said these weren't relayed to her. Mrs H said she wanted to know what actions Company A undertook when it received the report from the service engineer in March 2019.

In relation to RSA declining her claim to have her boiler replaced, Mrs H said she never received amended terms and conditions saying the boiler would not be replaced if it was

over 10 years old. She asked for evidence to show these were sent to her. Mrs H said the goalposts had been moved during her contract without her being told of the changes and so this policy was not suitable for her. Mrs H said she would have replaced her boiler in 2016, when it was ten years old, if she'd known the policy no longer covered her for replacing it.

Mrs H said she should get a replacement boiler, £60 refund for the excess charged and the cost of the phone call her husband had to make while the family were on holiday.

RSA responded and said it went through Mrs H's policy from the time it started in 2012. It said renewals were sent out to Mrs H in December of every year. And it said it sent a new schedule by her preferred method whenever she or it made a change to the insurance, and each year before renewal so she could check the cover met her needs.

RSA said Mrs H's husband agreed the £60 excess charge and when Mrs H called to discuss this, it agreed to refund it but didn't action this. It said it has since arranged the refund. It said the engineer who attended on 17 July 2019 said parts of the boiler had scale on them and the agreement doesn't cover damage due to scale, sludge or debris. Mrs H was offered £150 compensation because of the missed appointment and for the inconvenience and stress of Company A not advising of the fault following the boiler service in March 2019.

Mrs H was unhappy with the response and so complained to this service. She said various repairs have been carried out over seven years without an excess being charged. And this hasn't yet been refunded. Mrs H said action should have been taken when the boiler was found to be corroded during the March 2019 annual service. Mrs H said she would have replaced the boiler then if she had known about the problems with it. Mrs H said the only policy documentation she ever received was from 2013 and there's nothing about the boiler not being replaced if older than 10 years. Mrs H believed her boiler would be replaced if it couldn't be repaired. She said the new boiler cost around £1,500.

Mrs H also said she arranged for a family member to wait for an engineer at her home because she was on holiday. And while the engineer arrived and parked outside her home, he didn't visit her property. Mrs H said her husband had to call to sort this out.

Our investigator didn't uphold Mrs H's complaint. He said Mrs H's policy is split in two – an insurance contract and a service contract. And that the service contract, for an annual boiler service, is not covered under the insurance contract. This means the annual boiler service contract is not a regulated activity and so this service can't look into what happened when Company A carried out the annual services on Mrs H's boiler.

Our investigator said Mrs H didn't have a £60 excess on her policy and this has now been refunded. He also said RSA settled the claim in line with the terms and conditions and that clear information was provided regarding the policy benefits at each renewal.

Mrs H didn't agree with what our investigator said and so this has come to me for a decision.

I issued a provisional decision on 8 March 2021 and said that I intended to ask RSA to pay an additional £50 compensation to Mrs H for taking the excess amount out of her account and initially overlooking returning it to her. I gave both parties the opportunity to respond.

Mrs H responded and said she doesn't agree that the correct paperwork was sent to her. That there's no concrete evidence that it was sent to her, because it wasn't. Mrs H said that when she took out her contract there was never any communication about RSA being the insurer. She said Company A's failure to communicate left her in financial hardship.

RSA also responded and agreed to pay the additional compensation.

## 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 am partially upholding this complaint.

Mrs H has raised a number of different complaint points and asked this service to look into them. However, while our service can consider a wide variety of complaints about financial services, we aren't free to look into every complaint that's referred to us. The rules that set out what complaints we can consider are the Dispute Resolution Rules (DISP) in the FCA handbook. I appreciate that it must be quite frustrating from Mrs H's perspective that we can only look at some of the issues she's raised. So I'll first of all explain what we can look at and why.

Broadly speaking, this service can only look into complaints about regulated activities undertaken by regulated businesses. Both RSA and Company A are businesses regulated by the Financial Conduct Authority (FCA) and this means we can look into complaints about either of them. However, for the purposes of this decision, I can only look into what RSA has or hasn't done, as complaints about separate businesses need to be looked at separately by this service. If Mrs H wants to raise a complaint against Company A then she can do this, but we would deal with it as a separate complaint. So I will only be looking into RSA's actions and this means I can only look at what has happened since RSA took over as underwriter of Mrs H's policy in June 2017.

The policy Mrs H bought from Company A is made up of two parts. One is the boiler maintenance contract and the other is the insurance policy. My understanding is that the annual boiler service is carried out under the maintenance contract and if any issues arise and the boiler needs attention, then it's likely repairs can be carried out under the insurance policy. And the boiler maintenance contract is provided by Company A, while the insurance policy – although administered by Company A – is provided and underwritten by RSA. And so this means I can only look at the insurance policy here, as this is the only part of the contract that RSA is responsible for.

In terms of what I *can't* look at, I can't look at anything to do with the boiler maintenance contract. So although Mrs H has complained that she wasn't told about the faults found with her boiler in March 2019, I can't look into this because it is part of the maintenance contract that is provided by Company A. Just to be clear, I'm not saying that something hasn't gone wrong with the maintenance part of the contract, it's just that I can't look into whether or not it has. As I said above, I can only look into the insurance policy from the point it was taken over by RSA in June 2017.

### *Did RSA act fairly when it charged £60 excess?*

RSA said that Mrs H shouldn't have been charged the £60 excess following it attending her property on 17 July 2019. RSA confirmed Mrs H didn't ever have an excess for boiler related call outs – it said the only excess was on internal and external drains. RSA has now refunded the money, but at the time Mrs H brought this complaint to our service, RSA hadn't refunded it yet and acknowledged that it overlooked doing so.

So RSA incorrectly told Mrs H she would be charged, took a payment from her account and overlooked refunding the money when it said it would. I can see from what Mrs H has said to this service that having £60 unexpectedly taken out of her account left her both distressed

and inconvenienced, as she had not planned for this to happen and could ill afford it. And so I think RSA should compensate Mrs H for this error and I'm satisfied £50 is a fair amount.

I realise that Mrs H had previously been awarded £150 compensation, but this issue wasn't taken into account when that amount was calculated. So the £50 I mentioned is in addition to any compensation already awarded.

*Did RSA act fairly when it said Mrs H's boiler was BER?*

I can see that a number of faults with Mrs H's boiler were identified during 17 July 2019 call out. The next step for RSA was to calculate the cost of repairing the boiler. I've seen the notes that show this was done and the first calculation was for around £1,150. There was also a second calculation of over £800. RSA then checked the cost of a comparable boiler with an independent supplier and the cost was around £999.

The terms of Mrs H's policy say that for repairing a boiler to be considered economical, the cost of parts including VAT should not exceed 75% of the price of a boiler of the same or similar make and model to that covered. So, taking the figures above into consideration, I'm satisfied that RSA acted fairly and in line with its own terms and conditions when it said the cost of repairing the boiler meant it was BER.

*Documentation provided to Mrs H*

Mrs H complained that she wasn't told about what she thought was a change in her policy terms, namely that her boiler would no longer be replaced under the policy regardless of age – it would only be replaced under the policy if it was under 10 years old.

I can only look at what has happened since RSA took over as underwriters of the policy and so I can't look into whether it was the case that Mrs H was initially covered for a replacement boiler regardless of how old her boiler was. Although I will say that Mrs H forwarded a copy of earlier terms and conditions that show the boiler was covered for only 12 years, and not indefinitely regardless of its age.

RSA said it changed the terms of the policy in relation to boiler replacement coverage from 12 years to 10 years from 2017. And it said this was communicated to consumers, like Mrs H, as and when their policies were up for renewal and the existing cover was guaranteed until that point.

RSA told me that from November 2017 all renewals were issued based on the new RSA terms and conditions. And, in addition, it said the change in the terms was highlighted by enclosing a leaflet that explained RSA would "*no longer honour boiler replacement on policies where the boiler is over 10 years old at renewal...*". I have no way of knowing if the leaflet was definitely included in Mrs H's renewal documents, but I'm satisfied, on the balance of probabilities, that it was most likely sent to affected customers by RSA. And I can see the schedule of insurance for 2017 / 2018 shows the boiler was only covered for 10 years. I can also see that the schedule was correctly addressed, so I'm satisfied RSA sent the insurance schedule that showed the boiler was only covered for 10 years.

Mrs H has made claims under the policy and so she has, over several years, renewed and used the policy. So she knew she had the policy, and it was up to Mrs H to ensure she read the policy documentation to ensure the policy continued to meet her needs.

*Did RSA act fairly when it didn't contribute towards the cost of Mrs H's new boiler?*

As outlined above, I'm satisfied that the terms and conditions of Mrs H's policy say that her boiler is only covered under the boiler replacement part of the policy until it is 10 years old. And so I'm satisfied that RSA acted fairly when it told Mrs H that it wouldn't contribute towards the cost of her new boiler.

Mrs H also said if she had known that her boiler was no longer covered after 10 years then she would have had it replaced sooner. It might well be that Mrs H would have done this. But I can't see this makes any difference to the complaint Mrs H has brought to this service. If Mrs H had wanted a new boiler before the old one was 10 years old, she would still have had to pay for that herself. It would not have been covered by the policy unless it had stopped working and was deemed to be BER. And this didn't happen until 2019.

I understand that Mrs H said the main reason she took out the policy was so that her boiler would be fully covered. And it's the case that the policy didn't cover Mrs H for a replacement boiler since 2016. But the policy did offer cover for boiler repairs, as well as cover for central heating, plumbing, electrics drains and pipes. So I'm satisfied Mrs H still had the benefit of a policy that covered a range of issues, including ensuring she had a working boiler until it was deemed to be BER in 2019.

#### *Customer service provided by RSA*

RSA has already offered to pay £150 compensation in relation to one of its engineers missing an appointment with Mrs H and because Company A hadn't informed her about problems with her boiler after the annual service in March 2019. But, as I said above, I think RSA needs to pay an additional £50 for taking the £60 excess amount from Mrs H's bank account and initially overlooking returning that to her.

#### **My final decision**

I am partially upholding Mrs H's complaint and require Royal & Sun Alliance Insurance Plc to pay an additional £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 26 April 2021.

Martina Ryan  
**Ombudsman**