

The complaint

Mr J is unhappy with the way Inter Partner Assistance SA (IPA) handled his claim under the home emergency section of his home insurance policy following the breakdown of his boiler.

What happened

On 14 August 2019, Mr J contacted IPA to report that his boiler wasn't working and he was without heating or hot water. IPA arranged for an engineer to inspect it on 17 August and they said the plate heat exchanger was faulty. The part was ordered and on 19 August an engineer arrived to carry out the repair. However they said the heat exchanger was blocked due to sludge build up, the combustion chamber was corroded, a rubber tube was blocked and the pump was leaking. Given the age of the boiler and how much it would cost to repair, IPA determined the boiler was beyond economical repair (BER) and offered £250 towards the cost of a new one as per the policy terms.

Mr J disputed the boiler had corrosion. He said it had been serviced a few months prior and there was no suggestion this was an issue. However IPA said the service wouldn't have identified this. Mr J asked IPA to send another engineer but they refused to do so. Given he had been without water and heating, they offered him three nights accommodation or a fan heater as per their terms.

Mr J arranged for a private engineer to inspect the boiler. They said it needed a new plate heat exchanger and pump, but they disagreed the boiler was corroded. The repair was carried out but this didn't fix the problem. It was later determined a printed circuit board (PCB) was needed. Since this repair was carried out on 25 September, Mr J has said the boiler is working as it should.

In total, Mr J paid around £970 for the boiler to be fixed. He wants IPA to reimburse him for this cost and to compensate him for the distress and inconvenience caused. Mr J provided his engineer's report and invoice to IPA for their consideration however they said it was insufficient as it lacked detail and they needed a further report. As one wasn't received, IPA maintained the boiler was BER and said they weren't willing to reimburse him the repair costs.

Unhappy with IPA's response, Mr J referred the complaint to our service. Our investigator recommended the case was upheld and said IPA should pay the £970 repair cost and £300 compensation.

In response, IPA said regardless of whether the boiler was blocked due to corrosion, it was BER due to the age, condition and the amount of parts needed. They also said the repair costs of £970 represented 85% of the value of Mr J's boiler. Based on this information, the investigator amended their recommendation. In summary, they said even if the correct repair had been carried out by IPA, it's likely the boiler would've still been considered BER due to the high repair costs. However they felt IPA could've handled the claim and Mr J's expectations better and been clearer in their communication. They recommended IPA pay the £250 as per the BER terms plus £150 compensation.

Mr J disagreed. In summary he said had IPA's original engineer returned as he requested none of this would've happened, his boiler didn't have severe corrosion and IPA should cover the cost of the repairs.

In April 2021, I issued my provisional decision and said:

"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 intend to uphold Mr J's complaint. Let me explain why.

At this point, I want to acknowledge that many issues have been raised, especially by Mr J and I thank him for bringing them to my attention. Whilst I've carefully considered them all, in this decision I've focused on the key issues that I believe are relevant to the overall outcome.

Based on the policy terms, a complete breakdown of the heating system is an insured event in which IPA covers up to £2,000 for the repair of the main heating system or boiler. But the cover is subject to exclusions and in this case IPA has applied the BER exclusion. In this decision I must decide whether IPA reasonably applied that exclusion.

The terms define BER as:

"When the cost of repairs exceeds the current value of your boiler, taking into consideration its age and condition, or where spare parts are not readily available".

This means even if the boiler was considered to be repairable, IPA may decide not to do so if the repair costs exceed the value of the boiler.

In this case, initially there was conflicting information about the cause of the boiler's breakdown. IPA's first engineer said it was the plate heat exchanger, their second engineer said a rubber tube was blocked, the pump needed replacing and the boiler had corrosion. I know Mr J strongly disagrees the boiler had corrosion as this wasn't identified during the boiler service carried out a few months prior. There is insufficient information for me to safely conclude whether or not there was corrosion but I don't believe it is necessary to do so because this wasn't the main reason the boiler was considered BER.

In determining whether the boiler was BER, I would've expect IPA to have obtained an estimate of the cost of repairs and an estimate of the current value of Mr J's boiler. IPA gave a partial repair estimate stating the parts for the heat exchanger, rubber tube and pump amounted to around £387 plus VAT and around four hours worth of labour. The cost of labour isn't stated and I would've expected IPA to have calculated this to obtain a full total when deciding whether it was economical to fix Mr J's boiler. Another repair quote said it would cost around £460. IPA also didn't provide an estimate of the current value of Mr J's boiler. Instead it appears they have relied on the age of the boiler (14 years old), its overall condition and it needing multiple parts. However this doesn't meet the BER definition as set in the policy terms.

As there is insufficient evidence that when IPA's engineers attended, the repair costs exceeded the value of Mr J's boiler, I don't believe IPA acted fairly in determining it was BER and applying that exclusion.

As a result, Mr J remained without hot water and heating and he had to instruct a private engineer to fix it at a cost of around £970 (including VAT). While I note IPA's comments that this amount represented 85% of the boiler's value, again it's not in excess of the current value of boiler. So I believe IPA should cover the repair costs as incurred by Mr J as it's

within the policy cover limit plus pay 8% simple interest per year from the date of the invoice up to the date of settlement.

Compensation

I appreciate the trouble and upset this situation has caused Mr J and his wife. They were left without heating and hot water for some weeks while the boiler was being repaired. I also understand Mr J's frustration that it was his own engineer that identified the cause of the breakdown when he had insurance to provide such a service.

Despite IPA saying the boiler was BER, which for the reasons outlined above I don't think was fair, they requested further evidence of invoices and reports from Mr J. He had a lot of back and forth communication with IPA so I can understand why he thought they would reimburse him the repair costs and why he was upset when they said they wouldn't do so. This caused additional frustration during what was already a difficult time. Taking everything into account, I believe it's fair IPA pay £250 for the trouble and upset caused".

Response to my provisional decision

Mr J agreed with the outcome and said the cost of the repair wouldn't have been this amount had IPA's engineer correctly diagnosed the problem from the outset. He also said the leak from the pump was caused by IPA's engineer who visited on the second occasion. IPA also accepted my findings.

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 to uphold Mr J's complaint for the same reasons as set out in my provisional decision.

My final decision

For the reasons set out above, I've decided to uphold Mr J's complaint.

Inter Partner Assistance SA must:

- Reimburse Mr J for the repair cost of his private engineer (£970) plus pay 8% simple interest per year from the date of the invoice up to the date of settlement; and
- Pay £250 to Mr J for the trouble and upset caused.

*If Inter Partner Assistance SA considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr J how much it's taken off. It should also give Mr J a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 21 May 2021.

Simona Charles
Ombudsman