

The complaint

Mrs A is unhappy that Great Lakes Insurance SE (Great Lakes) incorrectly diagnosed that a leaking pipe under her floor was the cause of her boiler fault, leaving her without hot water and heating. Mrs A's claim was under her home emergency policy which covers her central heating in the event of a breakdown.

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving the reasons for my decision.

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 agree with the conclusions reached by the investigator for these reasons:

- Great Lakes accepted that the private engineers employed by Mrs A correctly diagnosed the fault which its own engineer hadn't done. It asked her to provide a copy of the report, for which she paid £45, so I think it's fair that Great Lakes reimburses Mrs A, along with 8% simple interest.
- The cost of repairs was more than the market value of Mrs A's boiler. Therefore, had Great Lakes diagnosed the fault, it would've deemed the boiler beyond economical repair. The terms of the policy would've limited its liability to a contribution of £500 towards a new boiler, less any outstanding premiums. I'm satisfied that Great Lakes' offer to consider Mrs A's claim under the terms and limitations of the policy was fair.
- Mrs A is unhappy that Great Lakes didn't offer alternative accommodation. The policy provides for a contribution of up to £150 towards accommodation if she can't live in her home for more than 24 hours. For broader reasons, Mrs A remained at home over the following weeks. The policy also excludes cover for any costs Great Lakes hasn't first agreed to. I'm satisfied Mrs A didn't incur accommodation costs covered under the policy.
- Mrs A would like Great Lakes to cover the cost of new electric radiators and her associated energy usage while she was without heating and hot water. As I've said, cover is excluded for any costs which Great Lakes hasn't agreed to and I think that's a fair term. That's because it could've limited the costs had it known of Mrs A's intended actions. I'm satisfied that payment isn't warranted under the terms of the policy.
- Mrs A would like compensation for the inconvenience and distress caused by Great Lakes' unwillingness to investigate the incorrect diagnosis. The evidence shows Great Lakes only suspected a leak in the pipework and if the fault happened again thermal imaging may be necessary. The policy doesn't cover thermal imaging, so Mrs A was to seek help from her home insurance. So, I don't think it's fair to say Great Lakes was unwilling to investigate. That said, I accept that Mrs A would've experienced upset and inconvenience during the time without heating and hot water, so I think it's reasonable that Great Lakes pays compensation of £200 by way of apology.

- For the above reasons, I'm satisfied that Great Lakes made a fair offer to consider the claim under the terms of the policy, but the additional actions mentioned here are warranted.

My final decision

For these reasons, my decision is to uphold Mrs A's complaint and Great Lakes Insurance SE must:

- reimburse Mrs A £45 for the cost of the engineer's report, plus 8% simple interest* from the date she paid to the date of settlement, and
- pay Mrs A £200 compensation by way of apology for the distress and inconvenience caused.

*If Great Lakes Insurance SE considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs A how much it's taken off. It should also give Mrs A a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 21 July 2021.

Debra Vaughan
Ombudsman