

## The complaint

Mr F has complained about the decision of Royal & Sun Alliance Insurance Plc ('RSA') to decline his claim relating to his boiler made under a home emergency policy.

## What happened

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

*"In March 2020 Mr F chased up the annual service of his boiler which was overdue. The annual boiler service was an optional extra attached to the policy, but was not provided by RSA, and did not form part of the insurance element of the policy. The servicing engineer who visited condemned the boiler and switched it off. He stated that the flue had a hole in it, and the boiler casing had rusted through at the back. The engineer said that he would report this.*

*As he had heard nothing further, the next day Mr F contacted the home emergency helpline. After he had chased the matter, RSA informed him that he should arrange for a new boiler to be installed, and that he would receive a contribution towards its costs from the policy.*

*In further communications, RSA reconfirmed to Mr F that his claim would be met under the policy, and he was asked to provide a copy of the invoice for the new boiler. The boiler was replaced, and Mr F gave RSA his bank details for payment. But RSA then told Mr F that he was not entitled to receive any payment under the policy for the condemned boiler.*

*Mr F stated that around this time, he was made redundant due to the effects of the Covid-19 pandemic. Because he'd been told by RSA that he would receive a contribution for his boiler, he paid some outstanding bills and his mortgage payments. Had he known he would not be receiving a payment for the boiler, Mr F says that he would not have paid these bills, and he would have utilised mortgage holiday facilities.*

*Mr F was unhappy about the service he'd received from RSA, and said he'd been left in freezing conditions whilst members of his family were also staying with him. If RSA had told him at the outset that it would not be paying a sum to replace the boiler, he says he could have arranged an immediate replacement.*

*RSA maintained that Mr F was not entitled to a payment for his boiler. It stated this was because he hadn't lodged a claim under the home emergency policy and the boiler had not been deemed 'Beyond Economical Repair' by one of its attending engineers. RSA agreed that it should not have confirmed that a payment was due, and offered £50 compensation for poor service.*

*Unhappy with RSA's response, Mr F brought a complaint to this service.*

*In its submissions to this service, RSA went into further detail about its reasons for declining Mr F's claim. Based on the policy terms, it said that Mr F would initially have needed to make*

a claim by contacting the claims department. RSA would then have assessed whether the described emergency was an insured event.

RSA has quoted the policy wording under the 'what we cover' section for boilers. This states that the policy provides "**assistance in an emergency** following the complete breakdown of the **domestic boiler**". 'Assistance' is defined as being "(t)he reasonable efforts made by the **approved engineer**...to complete a temporary repair to limit or prevent damage or if at similar expense, the cost of completing a permanent repair."

RSA stated that it would not have been able to complete any type of repair because the engineer who carried out the annual service had already condemned the boiler. This meant the only way to limit or prevent further damage was to turn the boiler off.

In addition, RSA commented that the engineer who condemned the boiler was not an 'approved engineer' as defined by the policy, because to be so he would need to have been instructed by its claims helpline service. Instead, that engineer was appointed by the business which arranged the annual service. RSA highlighted that the annual service was not part of the insurance contract that it underwrites.

In terms of the boiler being 'beyond economical repair', RSA pointed to the policy definition which stated that such a diagnosis would need to be made by an 'approved engineer' – or in other words, an engineer instructed by the claims helpline on behalf of RSA, not an engineer appointed by another business to carry out the annual service. And, it highlighted that the boiler replacement contribution, which was the section of the policy Mr F was initially told he would receive a payment under, stated that it was only applicable if "**we or the approved engineer** declare the boiler to be uneconomical to repair." RSA's view was that this had not happened in this case, so it was not liable to cover any boiler replacement costs.

Our investigator upheld this complaint. He noted that the policy provides a contribution where RSA or an approved engineer declares a boiler to be uneconomical to repair. The investigator said that whilst the engineer who condemned the boiler was not an 'approved engineer', he was a qualified professional. RSA had had the chance to ask one of its own approved engineers to also carry out an inspection if it had wanted to, and had it done so, the investigator thought it likely the boiler would have been found to be uneconomical to repair.

The fact that RSA had told Mr F several times that he would be receiving a payment suggested to the investigator that RSA accepted what the inspecting engineer had concluded about the status of the existing boiler. He proposed that RSA should pay Mr F £500 for the boiler replacement plus interest.

RSA disagreed with the investigator's findings. It reiterated that the annual service does not form part of the insurance policy. As underwriter of the home emergency insurance policy, RSA states it has no oversight of the annual service, and that this is handled by a different business. It considers that because the boiler was condemned during an annual service, this was not the result of an emergency, and so Mr F is not entitled to a payment under the policy terms. Otherwise, RSA's view is that it is being asked to pay out for an uninsured event.

Since being passed this case to review, I have asked RSA to confirm what actions it would have taken if Mr F had rung its claims helpline service to make a claim under the insurance policy straight after he had been told during the annual service that the boiler was being condemned. I wanted RSA to explain whether this would have been treated as a claim. RSA's provided a response, but it was a reiteration of submissions it had previously made to this service.

## **What I've provisionally 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 F's policy provides cover as a result of an emergency occurring at the home. An emergency is defined as a "sudden and unexpected event which, if not dealt with quickly would in the reasonable opinion of the **Claims Helpline Service**:*

- a) Render the **home** unsafe or insecure; or*
- b) Damage or cause further damage to the **home**; or*
- c) Cause personal risk to **you**; or*
- d) Cause a health and safety risk to others.*

*For cover to apply, an emergency must also be an 'insured event'. An insured event is shown in the 'what we cover' sections of the policy. One of the 'what we cover' sections of Mr F's policy was for a boiler replacement contribution.*

*As I understand it, the boiler was working up to the visit of the engineer who carried out the annual service in March 2020. The servicing engineer condemned the boiler and turned it off. In my view, the loss of heating and hot water represented a sudden and unexpected event, and this would fall under the categories shown above for an emergency.*

*The policy requires RSA's claims helpline service to deem an event to be an emergency. Key to RSA's response to Mr F's complaint is that an emergency claim was not made to its claims helpline service. RSA has said that a claim under its policy would "have needed to be accepted in the first instance."*

*I accept that the annual boiler service does not form part of the insurance policy underwritten by RSA, and that the engineer who carried out that service was not appointed by RSA. However, it doesn't seem that RSA disputes what the findings of the servicing engineer were – this being that the flue had a hole in it, and the casing was rusted through at the back. This led to the servicing engineer condemning the boiler.*

*I have asked RSA to confirm what action it would have taken if Mr F had rung its claims helpline service to make a claim straight after he was told during the annual service that the boiler was condemned. I cannot see that RSA has responded directly to this question. But if Mr F had contacted the claims helpline service as soon as the boiler was condemned, my understanding is that RSA would have appointed one of its approved engineers to inspect it. As explained above, based on the findings of the servicing engineer who did inspect the boiler, it seems likely to me that an RSA approved engineer would have found the boiler to be beyond economical repair.*

*In addition, throughout this process it seems to me that in his attempts to obtain a functioning boiler and restore heating and hot water to his home, Mr F has followed all the instructions he was given, and acted as a responsible homeowner. Initially the servicing engineer told Mr F that he would report the failure of the boiler. The next day, when Mr F had heard nothing further, he telephoned the number for RSA's claims helpline service. Having chased, he was told that RSA would be offering to pay the boiler replacement contribution – but this offer was subsequently withdrawn.*

*Mr F was therefore in contact with RSA's claims helpline service, and RSA had the opportunity to send its approved engineer to inspect the boiler, but did not do so. Overall, my view is that in these circumstances, it is fair to require RSA to pay Mr F under the boiler replacement contribution section of the policy.*

*Mr F has also explained the difficulties he experienced after he was left with no heating or hot water. This lasted for ten days, and Mr F had two family members staying with him at the same time. Having been told that he was to receive a contribution from RSA for the boiler, and then being informed that this was not the case, Mr F used his own funds to pay for a new boiler. These events also occurred as the impact of the Covid-19 pandemic started to be felt, and Mr F has explained that sadly he lost employment at this time.*

*Mr F says that because he understood he would be receiving a contribution from RSA for his boiler, he chose to pay some outstanding bills that he otherwise would not have done. He also says that had he known he wasn't going to receive a payment from RSA, he could have applied for a mortgage payment holiday, rather than paying his mortgage.*

*It seems to me likely that Mr F would have incurred interest on outstanding debts if he had not paid them, and so it's not clear to me whether RSA's decision to ultimately decline his claim has caused him financial detriment. However, my view is that RSA's decision to initially offer payment to Mr F and then withdraw that offer has caused him unnecessary distress.*

*In addition, Mr F says he could have arranged a boiler replacement quicker if he had not been directed by RSA to follow its process to obtain a payment under the policy. On balance my view is that RSA's actions in its handling of this claim did cause Mr F some significant unnecessary distress and inconvenience at what was clearly a difficulty time in his life. I therefore intend to award Mr F £300 (which includes the £50 already offered by RSA) to reflect the difficulties caused to him.*

## **Responses to my provisional decision**

Mr F confirmed that he accepted my provisional decision, and had no further comments to make.

RSA did not provide any further substantive submissions.

## **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.

Based on the findings I outlined in my provisional decision, and taking into account the responses to that decision, I do not consider I have reason to alter the outcome I reached in my provisional decision.

## **My final decision**

My final decision is that I uphold this complaint, and require Royal & Sun Alliance Insurance Plc to carry out the following actions:-

- Settle Mr F's claim under the Boiler Replacement Contribution section of his policy, in line with the policy terms.

To the payment due should be added 8% per annum simple interest from the date that Mr F paid for his replacement boiler to the date of settlement. If Royal & Sun Alliance Insurance Plc considers that it's required by HM Revenue & Customs to take off income tax from this interest, it should tell Mr F how much it's taken off. It should also give Mr F a certificate showing this if he asks for one, so he can reclaim the tax

from HM Revenue & Customs if appropriate.

- Pay Mr F £300 (which includes the £50 already offered) in respect of distress and inconvenience caused to him.

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

John Swain  
**Ombudsman**