

## The complaint

Miss M complains about the renewal of an insurance policy brokered by OVO (S) HOME SERVICES LIMITED trading as SSE.

## What happened

Miss M had a home services policy sold and administered by OVO. The policy covered her boiler and central heating system, amongst other things.

The policy had two elements. There was an annual service. This was in effect a service contract and not an insurance contract. And so isn't something we can look into because it's not a regulated financial activity. There was also a breakdown contract, which was an insurance contract underwritten by an insurance company (not OVO).

Miss M took out the policy in 2007. In December 2020, Miss M made a claim under the breakdown (insurance) contract after she'd experienced some problems with her boiler.

An engineer attended but found that he couldn't obtain the parts required to fix the boiler. These were obsolete and no longer made by the boiler's manufacturer. The boiler is more than 20 years old.

OVO told Miss M the boiler was obsolete and beyond economic repair. Miss M tells us they offered to refund payments made since the last renewal of the policy (in November 2020) and to give her a £250 contribution to the purchase and installation of a new boiler.

When Miss M asked OVO some further questions about the boiler, they told her the model has ceased production in 1996 and over time the parts became obsolete. They said production of the electrodes (one of the parts which needed replacing in Miss M's boiler) had ceased in 2010.

Miss M complained to OVO. She was annoyed that they took her payments since 2010. She thought they ought to have known that from that point on, they couldn't fulfil the contract and repair her boiler.

She also said she was without heating for a week or so – at a very cold time of year. And she eventually got an independent engineer who fixed the boiler for just under £200.

OVO responded to say they might have done things differently (they didn't go into detail). And they accepted her complaint and refunded the payments since the latest renewal and for the previous year.

Miss M wasn't happy with this outcome and brought her complaint to us. She wants compensation for the week without heating. She wants OVO to pay her back what she paid to the independent engineer to fix her boiler (just under £200). And she wants some or all of her payments from 2010 onwards refunded.

Our investigator looked into it and didn't think OVO had done anything wrong.

Miss M disagreed and asked for a final decision from an ombudsman.

### **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.

It's important to say at the outset that I'm only looking at the sale / renewal of Miss M's policy. It's not for me to make any judgements about the annual service side of the contract – which is not a regulated financial activity.

Nor am I, in this decision, making any judgement about the handling of Miss M's claim – which is the responsibility of the underwriter rather than OVO. Miss M has been made aware that complaints about the handling of the claim will have to be considered separately.

So, the sole focus of this decision is about the renewal of the policy since 2010. I have to ask myself whether OVO should have realised, at some point between then and December 2020, that they would not be able to repair Miss M's boiler if she had a problem with it.

If OVO were – or should have been - aware that the policy wasn't suitable for Miss M, at any point before 2020, then it's likely fair to say they shouldn't have invited Miss M to renew the policy. Or that, at the very least, they should have made aware of the limitations in what they were likely to be able to do for her if her boiler failed.

I don't think it's disputed that OVO ought to have come to that conclusion in September 2020, when the last annual service was carried out under the policy. In the engineer's report after that service, they said:

*“... please cancel contract as we can no longer repair this boiler...”*

OVO have recognised their error. They went ahead and renewed the policy in November 2020, despite their engineer's clear indication – two months earlier - that the policy should be cancelled.

Accepting their error, OVO refunded Miss M's payments from the time of the latest renewal – in November 2020 - and for the previous contract year.

This is in line with the terms of the policy, which state (in the section General Conditions, paragraph 4.6):

*“If we identify that your System is not suitable for our Products, we will notify you of this. We will then cancel this Agreement and refund you any monies we have received from you in your current contract year...”*

I know this will disappoint Miss M, but I don't think it would be fair to conclude that OVO should have realised this any earlier. I say this for a number of reasons.

First, I don't think a boiler – or boiler part – becomes obsolete when production ceases (in this case, in 2010). Those boilers or parts will still be in stock with suppliers for some time afterwards. They will become obsolete gradually over time as stocks are depleted and/or the parts are no longer available.

I don't think it would be fair to ask OVO – or other companies – to keep a fully up-to-date inventory of all boilers and all boiler parts to keep track of (ready) availability – and to then check all customers' boilers against that inventory at every annual renewal.

It's not unreasonable for OVO to rely on their engineers to pick up – either at annual service or when called out to deal with a claim – that they can no longer reasonably repair that particular make and model. And that is exactly what happened in this case at the annual service in September 2020.

The policy documents themselves – which Miss M would have seen when she first purchased the policy and at renewal each year – say explicitly that the insurer will provide a contribution to the cost of a new boiler in cases where an older boiler (over seven years old) is found to have faulty parts which are obsolete. Miss M's boiler is more than 20 years old.

So, it's very clear to the reader that there will be occasions where a claim is made and it's found that the required parts are obsolete. The policy doesn't say OVO – or the insurer – will identify when boilers and parts become obsolete in advance of any such claim being made. In fact, the terms say – or at the very least strongly imply – that the opposite may be true and that parts will be discovered to be obsolete only after a claim is made.

Perhaps more importantly, I can't agree that the policy was of no use to Miss M after 2010 (or at some point thereafter when some of the parts became obsolete). Not all repairs require new parts. And some parts may remain available when others have become obsolete.

I can see from OVO's records that Miss M had repairs carried out on her system in October 2017 (when a faulty timer was replaced). She also called out an engineer in August 2019, when a possible system leak was in fact diagnosed as being water ingress. And in November 2019, Miss M had her system drained and a radiator replaced.

In light of that, I don't think the argument that Miss M was sold a useless policy after 2010 holds any water. She was benefitting from the policy up until November 2019. And OVO have refunded all of her payments back to and including that month.

So, in summary, I can't agree that OVO mis-sold the policy to Miss M either in 2007 or at each annual renewal thereafter.

The only remaining question for me is whether OVO's error in renewing the policy in November 2020 caused Miss M to effectively be without insurance when her own engineer repaired her boiler in December 2020. If so, then it would be reasonable to suggest that OVO should cover the almost £200 cost Miss M incurred at that point.

However, I'm satisfied that wasn't the case. If OVO had cancelled the policy in September 2020, as they should have done, Miss M might have sought insurance from another source.

However, given the age of her boiler, it's very unlikely she would have been able to find cover. If she had, it would likely have been so expensive that she'd now be out of pocket even if the claim for the £200 was settled.

### **My final decision**

For the reasons set out above, I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept

or reject my decision before 28 September 2021.

Neil Marshall  
**Ombudsman**