DRN-3020762

The complaint

Mr D and Mrs D complain that Allianz Global Assistance carried out defective repairs when responding to a claim they made under their home emergency policy.

I will refer to Mr D for ease of reading in my decision.

What happened

In December 2020 Mr D's boiler stopped working, leaving him and his family without heating or hot water. He contacted Allianz to make a claim under his home emergency policy. It arranged for an engineer to visit to investigate the problem.

During the initial visit the engineer identified issues with a divertor valve, the plated heat exchanger as well as multiple leaks with the boiler. A repair couldn't be completed as spare parts were needed. At the second visit a few days later, the engineer didn't have all the required components to resolve the issue with the divertor valve. But did fit a plated heat exchanger and repaired "*all the visible leaks*".

A week later an engineer attended again. An issue with the divertor valve remained and was not fixed on this visit as a component was still required. A further week later, now in January 2021, a replacement divertor valve was fitted. Two days later Mr D reported water leaking out of the boiler and through the ceiling. An engineer attended and noted a leaking seal "*further up in combustion chamber*" and reported, "*expansion vessel corroded – Potentially 2 sites of leakage*". The engineer then declared the boiler was beyond economical repair (BER).

Allianz offered Mr D an apology and £200 for the time he was without heating and hot water. It said this shouldn't have taken so long to resolve. It also offered £55 to refund the cost of temporary heaters. And confirmed a contribution of £500 was available, under its policy terms, to go towards a replacement boiler.

Mr D didn't think this was a fair outcome. He obtained a report from an independent engineer who said the leak had been caused by faulty workmanship and this meant the boiler couldn't now be repaired. Allianz reviewed the report but maintained its view. Mr D then referred to our service. Our investigator upheld his complaint. He accepted that Allianz' engineer hadn't completed the repairs correctly and this meant the boiler was now beyond economical repair.

Our investigator said Allianz should pay to replace the boiler and pay a total of £500 compensation for the distress and inconvenience caused.

An agreement wasn't reached. The complaint has now been passed to me to decide.

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.

Mr D says the initial repairs to the boiler were delayed as a result of insufficient/incorrect parts that were ordered. Records of the engineer visits supplied by Allianz support this point. Several issues were identified at the first visit including a problem with the divertor valve. The notes from visits two and three show the engineer didn't have the parts needed to fix the valve. This was eventually replaced on the fourth visit meaning hot water was available, albeit around two and a half weeks after the boiler stopped working.

Mr D explains the boiler developed a leak the day after the valve was replaced. He describes water "*pouring*" through his living room ceiling. This caused damage to the ceiling, the flooring in the living room and to a carpet in the loft space adjacent to the boiler.

Allianz sent another engineer. Mr D says he turned off all water and heating to the property and then left advising he would arrange a replacement part for the boiler. He says he was later made aware the boiler had been declared BER. Allianz's records point to a leaking seal in the boiler combustion chamber and corroded expansion vessel as the possible sources of the leak. It confirms its engineer had deemed the boiler to be BER at this time.

Having discussed next steps with Allianz, Mr D obtained the independent report to identify if its engineer had caused the problem. The report says:

"*Upon re-establishing the water supply to the boiler, I found the leak coming from the cold water inlet to the plated heat exchanger…*

…Upon stripping down and removing the plated heat exchanger, which would have been a required action by the previous contractor in order to install the new diverter valve, I discovered that the O-rings on all connections to the plated heat exchanger had not been replaced, as is highly recommended and generally standard practice with a boiler of this age when carrying out this type of repair. Likely due to this, the old O-ring on the cold water inlet had torn, and was the cause of the leak."

And:

"*Regarding the reported crack in the combustion chamber, we found no evidence of any such fault. The combustion chamber box is in good condition for its age, all rubber grommets are still present, pliable and in good condition. At the end of this report are pictures of all grommets, combustion chamber door seals, and the combustion chamber itself, all showing no visible signs of distress or undue wear and tear.*

It is our conclusion that if all O-rings were changed by the previous contractor, the present leak on the boiler could have been avoided, and the amount of work required to check and replace everything now is substantially more than should have been necessary if work had been completed at the time of the initial repair to standard practice."

Allianz was asked to comment on the report Mr D supplied. It says the O-rings for the divertor valve were replaced. It also says the leak its engineer found came from the O-rings associated with the heat exchanger (not the plated heat exchanger). The company says these would not be replaced as "*it was not needed for repair (sic) to the divertor valve*".

The company explained the boiler has two heat exchangers. The plated heat exchanger that it replaced, and the main heat exchanger. It has supplied photos of these components and a diagram that shows where they are housed within the boiler. It says the main heat exchanger wasn't replaced by its engineers and there wasn't a need to replace O-rings related to this component. It points to the plated heat exchanger as being situated below the main heat exchanger in the lower part of the boiler.

From this, Allianz is saying that O-rings for the plated heat exchanger were replaced and that its engineer identified the leak in a different part of the boiler. Meaning its engineer's workmanship was not the cause of the leak.

I have read through the expert opinions provided by both parties in detail and thought carefully about where the leak originated and what this means for Mr D's complaint.

Having done so, I find Mr D's expert report more persuasive, in that it shows the leak originated from the plated heat exchanger, not the main heat exchanger. The report explains the plated heat exchanger would need to be stripped down in order to replace the divertor valve. It includes photos of the failed O-ring removed from the cold-water inlet for the plated heat exchanger.

It was shortly after the divertor valve was replaced by Allianz's engineer that the leak occurred. As above the independent engineer confirms the plated heat exchanger had to be stripped down to do this.

Although Allianz says its engineer changed the O-rings – there is no direct evidence to support this. On balance I think it's probable that this wasn't done. And as above, the leak occurred shortly after Allianz's engineer carried out a repair. This points to its engineer's work resulting in the leak.

I have also thought about whether it was reasonable to expect the boiler could be repaired. Mr D's engineer was asked for his opinion. He determined the boiler was left BER because of Allianz's engineer's failure to carry out the repair correctly. His report says:

"*Had the original repair been carried out correctly, it would have been a cost effective repair, and in my opinion the boiler would likely have continued to function as normal, as there were no other visible signs of defects.*

Due to the incorrectly carried out work, water damage has occurred, which would have necessitated that the entire repair be repeated, and further components checked, possibly requiring replacement themselves if they had also been damaged by water ingress. The amount of damage would not be calculable until work began, and the time required to check all parts would create a very large labour cost.

Taking into consideration the above points, the cost to repeat the same repair and carry out further repairs caused by the incorrectly carried out work would be great enough that it would not be economical to repair the boiler back to its working standard prior to the engineer's work."

I must rely on the expert opinions and evidence provided. Based on this the report from Mr D's engineer is more persuasive. Had the O-rings been replaced, I think it's probable that a lasting and effective repair could have been achieved. I also note the independent engineer didn't find an issue with the combustion chamber as identified by Allianz's engineer.

The guiding principle I must consider here is that Mr D is returned to the position he was in prior to the defective repair. I'm satisfied Allianz is responsible for the leak and the boiler no longer being repairable. The boiler wasn't new, and a replacement will include some betterment. However, it isn't possible to repair it because of the defective work. The only option is replacement. In these circumstances I think its fair that Allianz pays the cost of installing a new boiler, and the cost of repairs for damage to the carpet, living room ceiling and flooring that resulted from the leak.

I have also thought about the impact the problems described had on Mr D and his family.

They were without a fully functional boiler for approximately three weeks during the winter months. This was partly because of the time Allianz took to obtain the correct replacement parts. And partly because of the leak caused by its engineer's workmanship. This put the boiler out of operation for longer as the boiler had to be replaced as opposed to repaired. It also meant further repairs were required to Mr D's home.

I acknowledge Mr D's comments that this was particularly distressing for his wife, given the lack of washing facilities available for her during the pandemic. I think it's fair that Allianz apologised and offered compensation for this. But I think the amount it provides should be higher to fully acknowledge the distress and inconvenience caused. I think £500, in total, is fair in the circumstances described.

My final decision

My final decision is that I uphold this complaint and Allianz Global Assistance should now:

- pay the cost of the boiler and installation;
- pay a total of £500 compensation for the distress and inconvenience it caused; and
- pay the cost of repairs to the living room ceiling, the damaged flooring and carpet on provision of appropriate costings from Mr D.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 7 December 2021.

Mike Waldron
Ombudsman