

The complaint

Mr and Mrs H complain about Amtrust Europe Limited (“Amtrust”) for a failure to advise that they may incur higher fuel costs from using their boiler in emergency mode. They want Amtrust to pay for their increased fuel costs.

What happened

Mr and Mrs H held home appliance cover with Amtrust which covered repairs to their boiler.

In December 2020, Mr and Mrs H experienced a boiler breakdown and an engineer on behalf of Amtrust attended their home.

The engineer established that the boiler could not be repaired as it needed a new circuit board, which was not available through Amtrust’s suppliers. He therefore ended Mr and Mrs H’s cover for the boiler.

Mr and Mrs H’s appliance had an inbuilt immersion heater to provide hot water and heating in the event of the boiler being inoperable. The engineer switched the water heater to emergency mode, which meant that the electrically powered immersion heater was used instead.

The engineer does not appear to have explained to Mr and Mrs H that switching the mode of the cylinder could cause increased heating and fuel costs. He advised Mr and Mrs H that it could operate in emergency mode for anywhere up to two years.

A few days later, Mr and Mrs H had to call out a third-party engineer as there was a burning smell issuing from around the boiler. The third-party engineer discovered that the switch for the water heater in emergency mode had burnt out. He replaced the switch. The third-party engineer did not change the mode of the water heater, nor explain that it could cause higher heating costs to operate the boiler in emergency mode.

Mr and Mrs H then replaced their boiler in mid-January 2021.

Mr and Mrs H made a complaint about the service from Amtrust. That complaint has been considered and resolved by this service.

During the course of that complaint process, Mr and Mrs H received an unusually high power bill.

They felt that Amtrust ought to have explained that their heating costs may be significantly higher while the water heater was in emergency mode, and they felt that Amtrust should reimburse them for these additional costs.

One of our investigators has looked into this matter and considered that Amtrust ought to pay for the increased electricity costs.

Amtrust did not accept that view and asked for an ombudsman decision.

I set out my initial view in a provisional decision issued in September 2021. In that decision I explained that I thought it was fair that Amtrust contribute 50% towards the overall increased power costs, taking into account any savings made on gas over the relevant period.

That provisional decision has been shared with the parties and they have been invited to provide further comments and evidence.

Amtrust accepted my provisional decision.

Mr and Mrs H responded, providing their copy bills which can now be forwarded on to Amtrust. These show that the costs for electricity were indeed considerably higher over the relevant period, but some savings were made in respect of gas.

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.

Neither party disputes my approach of splitting the overall difference in power costs between the parties.

Mrs H draws attention to my comment that, due to the time of year, I thought she would not have been likely to have been able to arrange a replacement much faster if she had been properly advised.

She states that she chose the contractor who had fixed the burnt-out switch to replace the boiler because she had confidence in that contractor. She says that, had she known that her power bills may be mounting, she would have booked an alternative contractor at an earlier date.

I accept her comments, and appreciate the point she is making, but this does not alter my view. She acted promptly and effectively and achieved replacement of the boiler in good time. I did not think that she would have been able to do this much faster over the Christmas/New Year period due to contractor availability, and I remain of this view.

I also note that Amtrust has explained to us that the electricity used would be cheaper per unit than the gas equivalent, but that the cylinder may require a longer run time to achieve the same heating effect. It therefore appears that if proper advice had been given it may well have been a finely balanced as to whether to replace the boiler immediately.

Accordingly, I remain of the view expressed in my provisional decision and I think that my proposed resolution remains fair and reasonable.

I therefore adopt my provisional decision, as supplemented by this decision, as my final decision.

Putting things right

As set out in my provisional decision, I think that Amtrust ought to reimburse Mr and Mrs H for 50% of the increase in their net fuel costs for the period December 2020 - March 2021, compared with the same period in the previous year;

Copies of the bills for comparison can now be provided to AmTrust and so the reimbursement, and an explanation of the calculation, should be provided to Mr and Mrs H within 28 days of this decision.

If there is any dispute over AmTrust's calculation, the parties will work together to try to resolve the dispute before referring any such dispute back to our service.

My final decision

For these reasons, and the reasons given in my provisional decision, I uphold Mr and Mrs H's complaint and direct Amtrust Europe Limited to:

Reimburse to Mr and Mrs H 50% of the overall increased costs they incurred for fuel for the period December 2020 – March 2021.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Mrs H to accept or reject my decision before 1 November 2021.

Laura Garvin-Smith
Ombudsman