

## The complaint

Mr B complains that Aviva Insurance Limited's declared his boiler to be beyond economical repair and is unhappy with the cost of installing a new boiler, under his home emergency policy.

## What happened

Mr B reported a problem with his boiler to Aviva. It sent an engineer to inspect. The engineer found the boiler needed some replacement parts, including a new circuit board, gas valve and a main heat exchanger. Aviva found the heat exchanger wasn't available from its suppliers and says the boiler was beyond economical repair (BER).

Aviva offered to supply a replacement boiler free of charge under Mr B's policy terms. It quoted him £1,500 for the installation.

Mr B says he found replacement parts available online. He also disputes the installation quote, which he says was too expensive. He told Aviva a local gas safe engineer could install a boiler for much less than this for between £350 and £400.

Aviva says it will only use parts sourced from its own suppliers as it has a duty to ensure they are of a high quality. It says it believes its installation quote is competitive and reflects the quality of work. As Mr B didn't accept its quote, it offered him what it would pay for the replacement boiler, which came to £432. Mr B thought it should provide a boiler and he could arrange installation himself.

Mr B decided to replace his boiler independently. He says the payment offered by Aviva doesn't cover the cost of the replacement boiler. He wants Aviva to pay for the costs he has incurred. Aviva didn't agree so he referred his complaint to our service.

Our investigator didn't uphold his complaint. She thought Aviva's explanation was reasonable that it couldn't guarantee parts not sourced from its suppliers. She says the policy terms support the decision to declare the boiler BER when a part was no longer available.

Our investigator didn't think the policy terms required Aviva to supply a boiler it wasn't going to install. She thought its argument that it couldn't guarantee the boiler would be fitted correctly was reasonable, and it was fair to offer Mr B what it would've paid for the replacement boiler.

Mr B didn't think Aviva's position was fair. He says his installer would provide a guarantee for the boiler, so it needn't. He maintains the installation quote is far higher than a local fitter would charge, and the listed price for the replacement boiler is much more than Aviva offered. He asked for an ombudsman to review his complaint.

It has 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.

Having done so I have decided not to uphold Mr B's complaint. Let me explain.

Mr B originally questioned whether the heat exchanger needed replacing, as he didn't recall the engineer telling him this. I've read the notes the engineer made. This states the heat exchanger must be replaced along with the other components. I don't dispute Mr B's recollection. But there is a record to show a replacement heat exchanger was identified by the engineer.

Mr B also says an independent engineer agreed his boiler should be replaced. Based on the evidence I think a heat exchanger was required, but this part couldn't be sourced through Aviva's approved suppliers. Based on this I think Aviva's position is reasonable that the boiler had to be declared to be BER.

I've read the policy terms to understand what is expected when a boiler is determined to be BER. The terms say:

*"Obsolete parts: HomeServe uses reputable suppliers who stock the usual parts required to fix most boilers. However if, when attempting to fix your system we find that the relevant manufacturer's spare parts are not readily available after a search of all HomeServe's stockists or that parts may be available but will take longer than 28 days to source, HomeServe will not be able to complete your repair. Please refer to obsolete parts section for details of what HomeServe will do in these situations."*

And:

*"Obsolete parts and BER - after 6 months – If upon making a claim after the first 6 months of cover your boiler is deemed to be BER or the parts required to fix your boiler are obsolete and the boiler is less than 7 years old, we will source, replace and install a new boiler. If the boiler is deemed beyond economical repair and is 7 years or older, we will source, replace and install a new boiler but you will be required to pay the installation costs. We will provide for you, a quote for this work."*

From the records provided, Mr B's boiler was thought to be well in excess of seven years old. I've not seen anything that suggests otherwise and Mr B hasn't disputed this point. So, in these circumstances the policy requires a boiler to be provided and installed by Aviva. But there is a cost for the installation.

Mr B thinks the installation charge is "exorbitant". I agree that the install quote Aviva supplied is much higher than the price he says he'd pay a local engineer. I understand from Mr B that this would be around £350-£400. But there is nothing in the policy terms to say that if a boiler needs replacing, because it is BER, Aviva will offer a replacement to be fitted independently. The reasons it gave for not doing so – that it can't guarantee the installation carried out by a third party – are understandable.

Aviva offered £432 towards Mr B's new boiler if he didn't want to accept its installation quote. It says this is the price it would pay for the boiler. Mr B says he found this boiler for sale online ranging from £1,025 to £1,149. I acknowledge Mr B says the boiler would've cost him more. But it's reasonable to expect Aviva to pay less than the retail price given the volume of boilers it will buy. The policy terms don't provide a cash alternative if Mr B chooses not to accept Aviva's installation quote. I think it's fair that it offered what it'd pay for the boiler, but I

can't reasonably ask it to pay more than this.

The price Aviva charges for installation is a commercial decision for it to make. We're not the industry regulator and can't dictate what rates the business should charge. The price a small independent trader is able to quote is likely to be lower than a larger business can. But this doesn't mean to say that Aviva's quote was unfair.

I have thought about the cost of boilers Mr B found, together with his estimate for the cost of fitting. Based on his figures Mr B would've paid between £1,375 and £1,599 for a new boiler and fitting. This is similar to the price he will have paid to Aviva for installation, which was £1,500 including the boiler.

I understand Mr B is unhappy and frustrated that Aviva wouldn't provide a boiler for his installer to fit. But I don't think the policy provides for this.

Having considered all of this, I think Aviva treated Mr B fairly when relying on the terms of its policy and offering to install the boiler, or to provide a payment toward the cost of a new one. So, I can't reasonably ask it to do any more

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 May 2022.

Mike Waldron  
**Ombudsman**