

## **The complaint**

Mr D complains that Domestic & General Insurance Plc (D&G) have paid less than it should have towards the cost of replacing his boiler under his home emergency policy.

## **What happened**

Mr D had a policy with D&G that provides an annual service for his central heating boiler and insurance against breakdown. It also provides for a contribution towards the cost of a replacement boiler if it can't be repaired.

He called D&G in April 2022 after his boiler broke down. An engineer attended but was unable to fix the problem due to parts being unavailable. Mr D instead asked D&G to pay him a £1500 cash settlement towards a replacement boiler, that he was entitled to under his policy. D&G only agreed to pay £750, saying the policy had a £1,500 repair limit rather than replacement value and so Mr D complained.

D&G said that under the terms of the policy, the £1500 was a repair limit not a replacement limit. And they provided evidence to show that the estimated cost of the repair in this case was the manufacturer's fixed price repair charge - £190.26. They said they'd offered £750 in order to be fair.

Our investigator looked into the complaint and upheld it. She said that she didn't think the policy wording was clear. She also didn't think it was fair to cap the benefit at the estimated repair cost (£196.20). Saying that parts for this boiler were very unlikely to be available due to its age.

As no agreement was reached, it has come 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.

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 agree with the outcome reached by the investigator. I'll explain why.

I needed to consider whether D&G has acted fairly and reasonably in line with the T&Cs of the policy, the law and industry good practice, in its dealings with Mr D and I don't think it had.

The T&C's applicable to Mr D's policy set out an overall policy limit of £1,500 for repairs and replacement: *"the policy limit is the most we'll pay in total towards repairs and/or towards a replacement for the product. The policy limit is £1,500"*. This does say the policy will pay £1,500 towards replacement and this is what Mr D understood the policy to offer.

There was a further section in the T&C's headed "Repairs and write offs" Which says if a product can't be repaired vouchers or cash will be provided instead (of repair) and: *"will be the lesser of either:*

- *Our repairer's estimated cost of the repair (this will often be the manufacturer's fixed price repair charge); or*

- *the balance of the policy limit ... Under this policy you will not receive a replacement boiler and we will therefore not be responsible for any installation and delivery costs."*

I didn't think this wording was clear enough for Mr D to realise that it meant if the boiler couldn't be repaired the policy limit didn't apply and what the policy did offer was a set but undisclosed amount, based on something not actually available. And that this set amount was significantly less than the £1,500 policy limit. D&G has said that the maximum the policy provided for was £190.26 – the manufacturer's fixed price repair charge, rather than the balance of the policy limit of £1,500.

This clause doesn't refer to parts availability and as D&G said the boiler couldn't be repaired, I don't think it is reasonable to refer to a fixed price repair that isn't available, rather than the balance of the policy limit also provided for. If parts could have been obtained the policy would have paid out up to £1,500, but because parts can't be obtained it effectively offers a set policy amount. This is a substantial difference and it wasn't clearly disclosed to Mr D, despite D&G holding full details of his boiler. I don't think there is enough information in the documents provided to Mr D for him to be been aware of the significance of this clause, relative to the premiums he was paying and policy limit of £1,500. So, I don't think it is fair and reasonable.

Whilst D&G agreed to pay out more than the "fixed priced repair charge" provided for, I don't think that term is reasonable, I think D&G should pay Mr D a further amount of £750 to meet the full £1,500 provided for under the policy limit. I also think interest should be added on top of this, to compensate Mr D for the loss of use of funds he has paid to replace the boiler.

I can see that D&G have also refunded Mr D some premiums paid after he had requested to cancel his policy and topped this amount up to £100 for the service received and delays suffered. Mr D appears happy with this amount and I am satisfied that it is in line with what we would award for these errors and the impact it had.

## **My final decision**

For the reasons I've given above, my final decision is that I uphold this complaint against Domestic & General Insurance Plc.

I direct Domestic & General Insurance Plc to pay Mr D a further £750 with interest at 8% a year simple from the date it settled his claim. Domestic & General Insurance Plc must pay the compensation within 28 days of the date on which we tell it he accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

If Domestic & General Insurance Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell how much it's taken off. It should also give a certificate showing this if Mr D asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 22 August 2022.

Yoni Smith  
**Ombudsman**