

The complaint

Mr and Mrs G are unhappy with the way China Taiping Insurance (UK) Co Ltd has handled a claim they made on their home insurance policy.

Any reference to China Taiping includes anything said or done by its agents and representatives.

What happened

The circumstances of this complaint aren't in dispute, so I've summarised what's happened.

- In August 2019, following a fire, Mr and Mrs G contacted China Taiping to make a claim on their home insurance policy.
- Mr and Mrs G contracted their own loss assessor to assist with the claim - who I'll refer to as Y. Reference to Y also includes its agents.
- China Taiping instructed a loss adjuster to handle the claim on its behalf.
- Due to the extent of the damage, Mr and Mrs G moved out of the property into alternative accommodation.
- On their return, they say the heating system wasn't working properly and there were outstanding issues with the repairs which had been carried out so far.
- In the end, Mr and Mrs G arranged for the boiler to be replaced at their own expense. They believe the damage to the boiler – namely debris and sludge build up – was caused by the contractor who'd downed tools and left the boiler exposed for a few months. And as Mr and Mrs G consider the contractor (who I'll refer to as "S") to be an agent of China Taiping, they think China Taiping should cover the cost of replacing the boiler.
- Mr and Mrs G also received letters from S' solicitors which threatened legal action for non-payment of services. Mr and Mrs G say it was China Taiping's responsibility to pay S, not theirs. So, they say they've suffered additional stress because of China Taiping's inaction.
- When Mr and Mrs G complained to China Taiping, it said it wasn't responsible for the actions of S because they'd been put forward by Mr and Mrs G's loss assessor – it said it had no control over the quality of the works undertaken by the S .
- Mr and Mrs G strongly refute this. They say S were one of three contractors put forward for tender but that ultimately China Taiping made the decision as to who would complete the works.
- Mr and Mrs G brought a complaint to this Service. Our investigator considered it. Initially he thought the contractor was working on behalf of China Taiping and so said it was responsible for covering the cost of the new boiler. But subsequent new information – including confirmation from the S that they took instructions from Mr and Mrs G or their loss assessor - persuaded him S weren't working on behalf of China Taiping.

- Because Mr and Mrs G remained unhappy the complaint has been passed to me for a decision.

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.

This complaint is about China Taiping and any acts or omissions its responsible for as an insurer. Whilst I will comment on Y as they had a significant role in the claim, this complaint isn't about them. So, I won't be able to make any findings about any acts or omissions they were responsible for in their role representing Mr and Mrs G and assisting them with their claim.

It's not in dispute that China Taiping accepted the claim for fire damage was covered by the policy and has made payments to settle it. This complaint is about the way the claim was handled in relation to the boiler and heating system; snagging issues – including electrical issues; and late payments to S.

Boiler and heating system

It's accepted that the boiler and heating system wasn't working properly when Mr and Mrs G returned to their property.

Mr and Mrs G arranged for the boiler to be checked by an independent engineer who said debris in the system – which most likely occurred during the renovations – was the probable cause of the heating problems.

Mr and Mrs G say S were responsible for the issues with the boiler due to inadequate repairs and having not looked after it properly during the renovations. And so, they consider it China Taiping's responsibility to pay the cost of doing so. China Taiping disagree. And it's this issue – namely who is responsible for the S's actions – which is at the centre of this complaint.

I've seen that Y introduced S to the tendering process. I've looked at the tendering appraisal completed by Y, and note it says, "*Y have a working relationship with [S].*" It goes on to say:

"Following the thorough inspection and analysis, [S] are deemed the most competitive. It would therefore, be our recommendation to arrange a pre-contract meeting with the client, the chosen contractor and Y to discuss the project further with the intention of instructing the contractor to proceed [...]"

So, I think it's clear the loss assessor both introduced and recommended S. Whilst China Taiping ultimately approved the loss assessor's choice of contractor and made payments for the works, that doesn't mean it assumed responsibility for S's work. So, it appears from the above that China Taiping weren't working closely with the contractor from the outset as they weren't privy to the pre-contract meeting between Y, S and Mr and Mrs G where the works were discussed.

Insurers are entitled to a degree of negotiation and so querying costs doesn't mean responsibility has switched from the loss assessor to the loss adjuster and I haven't seen evidence which persuades me that China Taiping's involvement went beyond that. I can see China Taiping did say the quote provided by S to flush out the system was too high and so asked for further estimates. But I'm not persuaded this means China Taiping can be considered to have changed the scope of the works to such a degree they stepped into the

shoes of the loss assessor and would therefore, be responsible for the costs to replace the boiler.

China Taiping has explained that S' bills were sent to Y who once approved forwarded them on to China Taiping for payment. I've not seen evidence to the contrary and so, I think it's most likely Y was overseeing the standard and completion of works, and that China Taiping's responsible was limited to settling invoices.

I've thought about whether despite the poor workmanship, the boiler might have needed replacing anyway and would therefore, be considered part of the costs China Taiping would have had to pay under the claim. I acknowledge that Mrs G has said the boiler company (from whom she purchased the replacement boiler) said that as her original boiler had suffered fire and smoke damage it should be condemned, but I haven't been provided with evidence to support this. So, I'm not persuaded the boiler needed replacing regardless of the contractor's alleged poor workmanship.

Ultimately, I'm satisfied that it was Mr and Mrs G's loss assessor who appointed S. And based on what I've seen, I'm not persuaded China Taiping is required to cover the cost of replacing the boiler.

Snagging issues

For the same reasons explained above, I'm not persuaded S was working on behalf of China Taiping, and so, I don't consider it to be responsible for the snagging issues which existed following Mr and Mrs G's return to their property. So, I won't be directing China Taiping to take any action in respect of this.

Late payments

I don't doubt it would have been stressful for Mr and Mrs G to receive letters threatening legal action because S hadn't been paid. Mr and Mrs G assumed that China Taiping were responsible for paying S directly, and so were understandably shocked to have been the recipient of such letters.

It's not clear from the file whether China Taiping was paying the contractor directly or whether it was making payment to Y - who was then responsible for paying the contractors. But either way, I've looked at the file to see whether China Taiping caused any avoidable delays in making payment and could therefore, be deemed responsible for the distress Mr and Mrs G received.

It would be unreasonable to expect payments to be made instantaneously after an invoice is submitted. There will of course be checks and balances in place. I haven't been provided with evidence which shows that China Taiping delayed making payments and so, I can't see that it has caused avoidable distress to Mr and Mrs G in respect of this.

I know my decision will be disappointing for Mr and Mrs G, but I hope for the reasons set out above, they understand why I haven't upheld their complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 18 October 2022.

Nicola Beakhust
Ombudsman