

The complaint

Mrs Z complains that Aviva Insurance Limited haven't applied the terms of their policy to replace her boiler when it was beyond economic repair and she had to make her own arrangements.

What happened

Mrs Z holds a heating cover insurance policy with Aviva which is guaranteed to replace the boiler if it is deemed beyond economical repair. Mrs Z would be liable for the installation costs.

In April 2022 Mrs Z's boiler broke and she contacted Aviva on 5 April. They arranged for an engineer to come two days later, and after inspection he deemed it beyond economical repair. Mrs Z agreed to pay the cost of the installation as per the terms of the policy. After two video calls with installations a verbal quote was given for £2890 for the installation as they said the system needed to be "converted".

Following the call, Mrs Z established that her system was already "converted" and called installations back to advise. After further calls, an altered quote of £2310 was given on 13 April, and Mrs Z paid a deposit of £750 towards the installation costs, with the balance to be paid on completion.

Installations rang Mrs Z back again on 12 April and increased the quote to £2570 because they didn't have a boiler the same size as Mrs Z's in stock, and so they would need to upgrade the system to fit a bigger boiler. Mrs Z was unhappy with this as she didn't want a bigger boiler.

Aviva rang again on 13 April and advised that Mrs Z could keep her old system. Mrs Z asked for this quote in writing, but the quote was never received.

Mrs Z made further calls during the next few days with no resolution, and on 17 April she made arrangements to have a new boiler fitted privately, which was completed on 19 April. Mrs Z says she had her 14 month old granddaughter living with them and her husband is vulnerable, so they had to get the boiler sorted out.

Mrs Z complained to Aviva. They sent a final response in May 2022 in which they said that they couldn't offer a cash alternative to the boiler, but they did accept that the service provided hadn't been up to standard, and they offered to pay £350 in compensation. Mrs Z was unhappy with this response and brought her complaint to us.

One of our investigators has looked into Mrs Z's complaint and he thought the offer of compensation was fair.

Mrs Z disagreed with our investigators view, and so the case came to me to review.

I issued a provisional decision on the complaint. My provisional findings were as follows:

In this case I have to decide is whether Aviva have complied with the terms and conditions of the policy and acted fairly in the way they have dealt with the claim.

The policy says:

“After 6 months • After six months of cover (and each year thereafter that you renew the policy); if your boiler is less than 7 years old we will source replace and install a new boiler. If it is 7 years old or older we will source and replace your boiler through our approved installer and you will be required to pay the installation cost. A survey will be completed and an individual quotation will be provided. The age of the boiler will be determined by the GC/Serial number or its installation date. If you can evidence it was installed within 12 months of its manufacture.

Installation costs currently start from £1500 and can vary depending on, whether it is a basic swap to a newer model or a complete system change including system cleaning, pipework, radiators. scaffolding, asbestos removal etc. In 2019 the highest cost paid for a complex installation was £3000.

The new boiler make and model will be chosen by us and will provide a suitable level of heating and hot water for your property. It will match your existing boiler type (e.g. a combination boiler will be replaced with a combination boiler. Any heating system or boiler upgrade costs will be charged for. There is no cash alternative to the replacement offered.”

The terms are clear that although the appliance would be replaced free of charge, Mrs Z needed to pay the installation costs and also that there was no cash alternative to the replacement offered. And so I'm satisfied that Aviva haven't done anything wrong in not offering to pay the cost of Mrs Z's new boiler.

However, I think that the level of service that Mrs Z has received is well below that which she should have received, and I am satisfied that the impact on her, although sort term, was significant.

Initially, Mrs Z was happy to pay the installation costs to have the new boiler installed under the terms of the policy. This is evidenced by her prompt payment of the £750 deposit that was required when the survey was completed. It's clear that Mrs Z just wanted to get the new boiler sorted out because she had a vulnerable husband and child living in the property. However, Aviva's lack of action following Mrs Z making the deposit payment is where things have started to go wrong, and what ultimately pushed Mrs Z make her own arrangements for replacing the boiler.

Mrs Z was given incorrect information about what work was required by Aviva's appointed contractors on at least two occasions, and she was not provided with an accurate written quote, despite paying a deposit and requesting it. I can see how this would have affected Mrs Z's confidence in the service she was receiving.

In addition, despite paying the deposit, Mrs Z received no contact regarding fitting, and spent several days ringing Aviva's contractors, leaving messages and not receiving call backs. Unable to get a firm date for the fitting of the replacement boiler added to the stress of the situation at home that she was managing, which was impacted by the vulnerable dependants in the household. So, after 10 days of having no heating or hot water and no resolution, Mrs Z made her own arrangements, which the independent contractor carried out quickly.

When a consumer takes out a policy to cover the breakdown of an appliance, it is disappointing for the service that is then provided to be so poor that you ultimately have to

make your own arrangements for the repair or replacement. So, taking into account the inconvenience caused by having to do so, and the period of time that Mrs Z was without heating and hot water with vulnerable dependants in the property, I propose to increase the award that has been offered for distress and inconvenience.

In the light of these findings, I therefore intended to uphold Mrs Z's complaint, and I invited the parties to comment.

Aviva have responded that they have nothing further to add. Mrs Z has responded and would like me to consider compensating her for the cost of the boiler as she has paid the premium and the call out excess, and so is out of pocket.

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.

Whilst I can see why Mrs Z feels as she does, the premiums did give her the benefit of cover for the period of insurance, and a call out fee would have been paid whoever she had called to look at the boiler. I also note that the replacement boiler cost paid by Mrs Z was around the same figure as she was quoted by Aviva's contractors for installation only.

So, I am satisfied that the £500 I have recommended is sufficient for the distress and inconvenience caused.

I am therefore making my final decision for the reasons I've summarised above.

Putting things right

In order to put things right, Aviva Insurance should pay Mrs Z £500 for distress and inconvenience.

My final decision

My decision is that I uphold Mrs Z's complaint, and direct Aviva Insurance Limited to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Z to accept or reject my decision before 26 October 2022.

Joanne Ward
Ombudsman