

The complaint

Mr L is unhappy with the way Royal & Sun Alliance Insurance Limited (RSA) dealt with his claim under his home emergency policy.

What happened

In February 2022 Mr L contacted RSA to report that his boiler had broken down. RSA arranged for their agents to deal with the claim. They sent an engineer to assess the fault and found the boiler to be beyond economic repair as the cost of repair was greater than the policy limit. Under the terms of his policy RSA offered Mr L a £500 contribution towards a new boiler which Mr L accepted. The engineer also found a fault with the water pump. Mr L was advised that if the water pump still didn't work after his new boiler was installed, the pump would be dealt with as a separate fault.

Mr L was then told by telephone and email that the water pump was not a separate issue and would not be covered. Mr L queried this with RSA who sent an email on 10 March 2022 confirming that the pump and boiler were two separate issues. They said that as it was not clear what the fault with the pump was, if Mr L replaced his boiler and the pump was still not working, he could log another claim and the pump would be dealt with.

Mr L had his new boiler installed on 11-12 March 2022. He also had the water pump replaced at the same time. Mr L asked RSA to refund the £210 which he had paid for the pump, but this was declined.

Mr L complained to RSA as he said he had been told that the water pump would be dealt with as a separate fault. He was also unhappy with the service he'd received and that he'd been given conflicting advice in relation to the pump.

RSA said that although the water pump was separate from the boiler, it formed part of the boiler system and as the boiler was beyond economic repair, the policy wouldn't cover the cost of replacing the pump. RSA did, however, accept that there was some confusion regarding whether the pump would be covered under the policy and offered Mr L £100 compensation for the poor service he received.

Mr L brought his complaint to this service. Our investigator didn't think the complaint should be upheld. He said that the water pump was part of the boiler system and didn't think that it should be dealt with as a separate claim. He thought the £100 compensation for poor service was fair. Mr L didn't agree and asked for his complaint to be considered by an ombudsman. He said he had relied on RSA's email of 10 March 2022 when he had the water pump replaced and that the pump should be treated as a separate claim.

My provisional decision

I issued a provisional decision on 2 November 2022. I said:

"Mr L doesn't take issue with the fact that his boiler was deemed to be beyond economic repair. His complaint is that RSA should have refunded the cost of the water pump having told him that it could be claimed for separately."

RSA say that as the pump was part of the boiler system and as the boiler was beyond economic repair, they wouldn't replace the pump. However, I don't think this is a fair approach. Regardless of whether the pump is part of the boiler system or not, Mr L was told in the email of 10 March 2022 that if, after installing a new boiler, the water pump needed replacing, Mr L could treat it as a separate claim. I've seen a copy of the email and I think it's clear.

The day after receiving this email Mr L had his new boiler and water pump installed. I don't think it was unreasonable for Mr L to rely on what RSA's email said. Mr L didn't follow the procedure that RSA suggested, ie logging the water pump as a separate claim, but again I don't think this was unreasonable. He had been advised the pump was faulty by RSA's engineer and by his own tradesman - and didn't want to wait and find himself without heating at a time of year when the weather was cold. Whilst this didn't give RSA an opportunity to review the claim, they had already inspected the pump and concluded it was faulty - and indicated they would deal with it separately. I don't think it was fair for RSA to then decline the claim.

In all the circumstances, I think it fair and reasonable for RSA to refund the cost of the replacement water pump and pay Mr L £210. As Mr L was without the benefit of the money, he should also be paid interest at 8% from the date he paid for the pump to the date of the refund. Mr L has already sent RSA a copy of his receipted invoice which I've seen.

I've considered the issue of compensation for distress and inconvenience. RSA accept that their service was below standard and offered Mr L £100 compensation for the poor service and conflicting information he received. I think this is fair. It's not clear whether this has already been paid, and I would be grateful if RSA or Mr L would confirm the position."

Responses to my provisional decision

Mr L accepted my decision and confirmed that he has already received the £100 compensation.

RSA said that they don't dispute that Mr L was incorrectly told that the water pump would be dealt with as a separate job. They say that regardless of their error the pump needed to be replaced and as this was part of the overall system which was beyond economic repair, their decision not to cover the cost was correct. They added that their error was considered in their award of compensation.

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 looked at RSA's comments carefully, but they've not provided any new information that changes my mind. Mr L acted on the incorrect advice he was given and replaced the water pump believing that the cost would be covered as a separate claim. I don't think it fair for RSA to then decline the claim.

RSA say they took the error into account when considering their award of compensation. However, I think that their error was more than just poor service as Mr L relied on it when he paid to replace the pump, and so it's fair that it is dealt with separately. My award of £100 compensation for distress and inconvenience reflects the poor service Mr L received.

Bearing all the above in mind, I'm upholding this complaint for the reasons given in my

provisional decision.

My final decision

I uphold this complaint and require Royal & Sun Alliance Insurance Limited to:

- pay £210 to Mr L plus interest at 8% from the date he made payment for the pump to the date RSA make payment to him; and
- pay £100 compensation for distress and inconvenience – which has already been paid.

If RSA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr L how much it's taken off. It should also give Mr L a certificate showing this if he 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 L to accept or reject my decision before 12 December 2022.

Elizabeth Middleton
Ombudsman