

The complaint

Mr A and Miss M complain about their home emergency policy with UK Insurance Limited, trading as Churchill Home Insurance ('UKI').

UKI are the underwriters (insurers) of this policy. Part of this complaint concerns the actions of their appointed agents. As UKI have accepted they are accountable for the actions of their agents, in my decision, any reference to UKI includes the actions of their appointed agents.

What happened

The background to this complaint is well known to both Mr A, Miss M and UKI, and has been ongoing for some time. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr A and Miss M had a home emergency insurance policy with UKI. They made a claim against their policy. UKI were unable to source some of the parts needed, appointments were missed and Mr A and Miss M were left without hot water for some time. As UKI were unable to source the parts needed, Mr A and Miss M arranged a repair through a third party.

UKI declined to reimburse Mr A and Miss M. After they complained UKI offered £65 as compensation for the service provided. Mr A and Miss M remained unhappy and referred their complaint to our Service for an independent review.

Our investigator recommended that the complaint be upheld and UKI reimburse Mr A and Miss M. As UKI didn't accept, the complaint has been referred to me for a final 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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service.

Have UKI fairly and reasonably considered this claim – inline with the policy terms and have UKI treated Mr A and Miss M fairly overall?

As UKI were unable to source the parts needed, Mr A and Miss M arranged a repair through a third-party company ('B2') who serviced/maintained boilers in their area and had a suitable part in stock for the repair.

UKI have declined reimbursing Mr A and Mrs M as they say the replacement part wasn't an exact match – and therefore they wouldn't be able to provide the necessary guarantees or warranty. UKI have referred to the following term:

"Conditions and losses not covered:

We won't pay for

- *replacing any system or appliance if spare parts can't be found after a thorough search"*

Whilst this may be inline with the policy terms, I don't consider it to be a fair or reasonable application of the terms.

They also told our Service:

"Parts available online would be refurbished or used and we do not recommend fitting parts from disreputable sources as this can cause further damage and would void any warranty the customer would otherwise be eligible for."

Based on reviews on all the main trade websites, there's nothing at all to support that B2 are disreputable and Mr A and Miss M have since confirmed that their system has been working 'perfectly' since the repair.

UKI have been selective in choosing which parts of the terms to quote. For example, on page 32 of the terms, it is stated:

"The spare or replacement parts we use:

- *may not be from the original manufacturer*
- *may not be a like-for-like replacement."*

Whilst I accept that the replacement part is not an exact match – the main difference being the lower discharge temperature, I'm more persuaded by the testimony provided from B2 who've stated that the lower discharge temperature of 92 degrees Celsius instead of the previous 95 degrees Celsius *potentially* makes it safer.

I would understand the logic of the argument put forward by UKI if the discharge temperature on the new part had been *raised* – but it wasn't. In addition, UKI aren't being asked to provide a guarantee or warranty for the repairs. On balance, there's nothing to support that the risk to UKI has increased because of the part fitted.

Ultimately, Mr A and Miss M took out this policy in good faith to help protect them should a situation arise where they needed to make a claim. It's not the fault of UKI - nor Mr A and Miss M that the part needed for the repair was unavailable within UKI's repair network. But that shouldn't mean that Mr A and Miss M lose out – given they arranged a reasonable alternative repair.

I've seen no persuasive supporting evidence that Mr A and Miss M have prejudiced UKI's position with the course of action they've taken here. Therefore it follows that it's unfair and unreasonable of UKI to refuse to reimburse Mr A and Miss M for their costs.

I've also noted that in an email dated 15 November 2022 to our Service, Mr A told us that in phone calls with UKI on 1 and 3 September 2022, he was told that he'd be reimbursed (up to £500) should UKI be unable to complete a repair. Whilst call recordings would potentially support Mr A and Miss M's position, UKI haven't provided any. But, regardless of whether or not this was said - this doesn't change the finding I've reached above.

UKI previously made an offer of £65 in recognition of the service they'd provided and various issues with the initial appointments. I find this (alongside my direction to reimburse Mr A and Miss M for the repair) to be a fair, reasonable and proportionate resolution to this complaint.

Putting things right

UK Insurance Limited, trading as Churchill Home Insurance now need to:

- pay Mr A and Miss M the cost of the third party repair (£386.40); and
- pay Mr A and Miss M interest, at a rate of 8% simple per annum. This should be calculated from the date they paid the third party repairer (subject to reasonable proof) until the date settlement is made. This is to compensate Mr A and Miss M for being out of pocket.

For completeness, UK Insurance Limited, trading as Churchill Home Insurance should also arrange payment of the £65 offer they made - if they've not already done so. The evidence on file suggests it may have already been paid.

My final decision

My final decision is that I uphold this complaint. UK Insurance Limited, trading as Churchill Home Insurance should now follow my direction, as set out under the heading '*Putting things right*'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Miss M to accept or reject my decision before 14 March 2023.

Daniel O'Shea
Ombudsman