

The complaint

Ms B complains about Aviva Insurance Limited's handling of a claim on her home emergency insurance.

Aviva is the underwriter of this policy (the insurer), so Ms B's complaint is against Aviva. Ms B bought her policy through an intermediary. This intermediary administered the policy on Aviva's behalf and most of Ms B's correspondence has been with it, rather than Aviva. As Aviva has accepted it is accountable for the intermediary's actions, any reference to Aviva in my decision includes the intermediary.

What happened

Ms B had Aviva home emergency cover, bought in August 2021. In March 2022, she reported a boiler leak to Aviva. An engineer inspected the boiler and found it was beyond economical repair (BER) so needed to be replaced.

Aviva's engineer said the new boiler couldn't be installed in the same place as her old one. This was because the old boiler was above a staircase and the engineer didn't think he could install the new boiler in the same place safely. He proposed installing the new boiler slightly to the side of where the old one was.

Aviva sent Ms B a quote for replacing her boiler on or around 9 March 2022. Ms B didn't accept the quote and, with her local council's help, arranged for the work to be done herself. Ms B's engineer installed a new boiler, in the same location as her old one, in June 2022. Ms B got a grant from her council to pay for this.

Around the same time, Aviva cancelled Ms B's policy. However, it took a premium payment from Ms B after this.

Ms B complained that Aviva had treated her unfairly. She said, in summary:

- Aviva refused to repair or replace her boiler, so she had to have the work done by somebody else.
- She had to get a grant to pay for this. The grant is fully repayable if Ms B sells her home within five years.
- Aviva refunded only £6.04 when her monthly premium was £7.

Aviva accepted that it took a premium payment after it cancelled Ms B's policy. It apologised and refunded this. However, it said its policy terms allow its engineer to refuse to carry out repairs for safety reasons. It also said Ms B's policy didn't offer a cash alternative when repair work was done privately.

Ms B was unhappy with this and brought her complaint to this service. She wants Aviva to refund her the cost of her new boiler, refund the correct amount and compensate her for the inconvenience she suffered while her central heating was broken.

Our investigator didn't recommend that Ms B's complaint should be upheld. He was satisfied

that Aviva should be able to rely on the exclusion not to install Ms B's new boiler due to safety concerns. He was satisfied Aviva had refunded the premium it wrongly took from Ms B.

Ms B disagreed with this, so the case was passed to me to consider.

My provisional decision

I issued a provisional decision on this complaint on 9 February 2023. I said:

"I don't think Aviva has acted fairly so I intend to uphold Ms B's complaint.

I've looked at Aviva's decision that Ms B's boiler was beyond economical repair (BER). Its letter to Ms B on 9 March 2022 said the cost of replacement parts was £1,436.43. It told Ms B this was more than 85% of the value of the boiler, so the boiler was BER. That's in line with the terms of Ms B's home emergency policy.

An online search tells me the current retail price for this type of boiler is between £800 and £1,000. That means the cost of repairing Ms B's boiler was more than the cost of replacing it. So I'm satisfied Aviva's decision that it wasn't economical to repair the boiler was reasonable.

There are two more policy terms that are relevant here.

First, the policy sets out what Aviva will do if the boiler is BER: "If the boiler is over 7 years of age we will source, replace and install a new boiler, but you will be required to pay for the installation costs." Ms B told us her existing boiler was installed in 2008. That means her boiler was more than seven years old, so I'm satisfied Ms B had to pay the cost of installing her new boiler.

Second, Ms B's policy booklet says Aviva won't be liable for "repairs which put the health and safety of our engineers at risk" ('General Exclusions', paragraph g). Aviva said its engineer wouldn't be able to replace the boiler safely because of where it was located so it had to be relocated.

I agree that Aviva's engineer should be able to decide what's safe and what isn't. His March 2022 report said the new boiler would have to be relocated "to the left of its current position so it is not above the staircase". I see from the photos in the report that Ms B's boiler was directly above the staircase, so I can understand why the engineer thought it was unsafe to install the new boiler in the same place.

However, Aviva later told Ms B: "I do not dispute a boiler can be installed in the same location by another company or private installer". Ms B's engineer was able to do this. I think that's an important point which I'll come back to.

Aviva's quote for installing the new boiler was £2,370, including a £879 discount. It looks like the discount is the cost of the new boiler, deducted because the cost of the new boiler was covered by Ms B's policy. Ms B was unhappy with this quote for two reasons:

- 1. Aviva told her the replacement parts were £1,436.43. It quoted her £2,370 for a new boiler plus installation. Ms B's cover was up to £4,000 so she didn't understand why her policy didn't cover the repairs.*
- 2. The quote included relocating the boiler. Looking at the breakdown of the quote, the extra cost associated with relocating the boiler was about £1,000.*

Aviva told us: "We advised that in line with the terms and conditions, a replacement boiler could be provided free of charge if [Ms B] paid the installation costs." Based on the documents Aviva sent us, I don't think it did.

I've looked at the communications between Aviva and Ms B. It wrote to her on 9 March 2022 to say her boiler was BER and needed to be replaced. It sent her its quote for repairs on or around the same date. But I can't see that Aviva ever told Ms B why she had to pay for these repairs. It isn't explained in any of Aviva's letters or recorded in any notes of its phone calls with Ms B. So I can understand why Ms B was unhappy. She believed the repairs were covered by her insurance but instead was told she had to pay £2,370.

Also, I'm not sure it was fair for Aviva to insist that the boiler had to be moved. This was going to cost Ms B an extra £1,000 on top of the standard installation cost. Given Aviva's engineer wouldn't install the new boiler in the same place – and Aviva accepted that other engineers could have been done this – I think it would have been reasonable for Aviva to let Ms B see if another engineer was prepared to fit the new boiler.

So I think Ms B's decision to go to her local council for help was understandable. The council helped her find an engineer to replace the boiler and gave her a grant of £2,453 to pay for this.

I'm satisfied that Ms B's policy terms meant she had to pay for the installation of her new boiler. However, Aviva was liable for the cost of the new boiler. I don't think it explained this to Ms B clearly enough. And I don't think it was fair to tell Ms B she had to move the boiler. The result was that Ms B paid for both a new boiler and its installation. I don't think it's fair that Ms B should be liable for the cost of her new boiler.

Ms B has shown that the cost of her new boiler plus installation was £2,400. That's comparable to Aviva's quote for the boiler plus installation, without the additional relocation costs. A condition of the grant is that it's fully repayable if Ms B sells her home within five years. I think it's difficult for any of us to be sure what's going to happen in the future. I'm conscious that someone's personal circumstances can change very quickly. So I don't think I can reasonably expect Ms B to be sure whether or not she'll sell her home in the next four and a half years. In the meantime, the thought that she'll have to repay her council £2,400 if she sells her home is clearly a huge worry for her. I understand that this is causing her a great deal of stress.

To remove that stress, I'm going to ask Aviva to pay Ms B the cost of the new boiler. I accept that Aviva's policy terms say it doesn't offer cash alternatives. I also accept that Ms B might not have to repay the grant. However, given the circumstances in this case, I think this is the fairest way of settling Ms B's claim.

It would be helpful if Ms B can provide something to show how much her new boiler cost, not including installation. Otherwise, I think the £879 discount in Aviva's March 2022 quote would have been the cost of a new Aviva boiler. I'd like Aviva to confirm this when it replies to this provisional decision. If it wasn't, I'd like Aviva to tell me what this discount was for and what the replacement boiler would have cost.

Ms B also complained about the premium taken after her policy was cancelled. She sent us a payment schedule dated 19 August 2021 that shows her annual premium was £84 and monthly payments were £7. However, Aviva's letter to Ms B dated 14 March 2022 said her payments would be £6.04 per month from April to August 2022. Aviva told us it took a payment of £6.04 after it cancelled Ms B's policy and that's what it refunded.

I'd like to resolve that in my final decision. I'd like Ms B to send us a screenshot or photo of

her April and/or May 2022 bank statements showing her premium payment(s) to Aviva so I can check Aviva refunded the correct amount. If she can't, I'm not going to be able to make a finding on this point.

Finally, Ms B is unhappy she was without heating/hot water from March 2022 until her new boiler was installed in June 2022. She wants Aviva to compensate her for this. However, I don't think this delay was Aviva's fault. The delay was mainly because Ms B had to apply for a council grant to pay for her new boiler. If Aviva had explained the situation clearly, Ms B would still have had to pay for installation of her new boiler. And even if the new boiler was installed in the same place as her old one, she'd have had to pay over £1,000. So I think it's likely she'd still have had to apply for a grant to pay for this. I also think it's likely the application process would have taken roughly the same time. That means I don't think Ms B could have had her new boiler installed before June 2022, when her grant was approved.

So I don't think Aviva was responsible for the delay in Ms B having her new boiler installed. It wouldn't be fair for me to ask Aviva to compensate Ms B for this.

However, I think Aviva's communications with Ms B were unclear and confusing and this caused her some distress. As I've noted, I don't think it explained clearly why her policy didn't cover the whole cost of repairs. I also think cancelling the policy was confusing and led Ms B to believe Aviva wasn't prepared to pay any of the replacement costs. I think Aviva should pay Ms B £100 for this."

Responses to my provisional decision

Ms B didn't tell us if she agreed with my provisional decision. She sent us copies of bank statements and another copy of the grant approval letter from her local council. She didn't send us anything that showed the cost of her new boiler, but said she thought it was better than the one Aviva had offered her.

Aviva also didn't say if it agreed with my provisional decision, but its response suggests not. It provided a recording of its phone call with Ms B on 7 March 2022. It says this shows it told Ms B her boiler was BER and explained her entitlements under her policy.

Aviva also explained the costs it would have incurred if it had replaced Ms B's boiler, as well as the discount in its 9 March 2022 quote. In summary, the discount was based on the value of the boiler – not the cost to Aviva – so the £879 discount was the value of the replacement boiler to Ms B (without any upgrade).

Finally, Aviva provided a screenshot showing it took £6.04 from Ms B by direct debit on 1 April 2022 and refunded this amount on 20 May 2022.

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.

Having done so, I'm not persuaded that I should change my provisional decision.

I've listened to the 7 March 2022 call. In that call, Aviva's agent explained that, because Ms B's old boiler was BER and over seven years old, under the policy terms Ms B would have to pay for installation of the new boiler. The subsequent conversation suggests Ms B understood this. She asked how much a new boiler would be and if she could get her own quote for installation. The agent couldn't answer these questions and transferred Ms B to

another team. Aviva's call recording cuts out at this point so I've not been able to listen to Ms B's discussion with the specialist installation team.

Based on this call, I'm satisfied that Aviva told Ms B she was eligible for a replacement boiler but would be liable for the installation costs.

However, I said in my provisional decision that I didn't think it was fair for Aviva to insist that the new boiler had to be relocated. This was going to cost Ms B an extra £1,000 on top of the standard installation cost. Given Aviva accepted that other engineers could have installed a boiler in the same place, I thought it would have been reasonable for Aviva to let Ms B see if another engineer could do this.

Aviva didn't comment on these points. It didn't provide the second part of the 7 March call or any other calls where moving the boiler was discussed. So I still think it was unfair for Aviva to insist the boiler had to be relocated and, when Ms B didn't agree, not provide the replacement. I think it should pay the cost of Ms B's new boiler.

Ms B hasn't been able to show the explicit cost of the new boiler. However, she said she thought it was better than the boiler Aviva offered. Aviva's explanation of the cost/value of the new boiler and the discount in its 9 March 2022 quote was helpful. This confirms the value of the new boiler it would have installed was £879. Ms B would have had to pay for any upgrade on this. In the circumstances, I think Aviva should refund Ms B £879.

While I agree that Aviva told Ms B she was liable for installation costs, I think its overall communication was poor. I found no evidence that Aviva explained to Ms B why the boiler had to be moved or why it wouldn't allow Ms B to get her own engineer to install it. Also, I think cancelling the policy while it was handling Ms B's claim was confusing. I see no reason to change my £100 award for the distress this caused her.

Finally, the premium refund. Ms B's bank statement shows a payment to Aviva on 4 April 2022 of £6.04 and a refund of the same amount on 23 May 2022. This matches Aviva's records. That's because Ms B's premium reduced from £7 to £6.04 in April 2022, as set out in Aviva's 14 March 2022 letter. I'm satisfied Aviva refunded the correct amount.

My final decision

My final decision is that I uphold the complaint and require Aviva Insurance Limited to:

- Refund Ms B £879 to reflect the cost of her new boiler.
- Pay Ms B £100 to reflect the distress its poor communication caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 13 April 2023.

Simon Begley
Ombudsman