

The complaint

Mr M complains about Aviva Insurance Limited's handling of a claim he made under his home emergency policy.

Aviva is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agent. As Aviva has accepted it is accountable for the actions of the agent, in my decision, any reference to Aviva includes the actions of the agent.

What happened

In December 2021, Aviva sent an engineer to Mr M's property after he reported a fault with his boiler, which meant it was making a loud noise. Mr M was told that the boiler was deemed beyond economical repair as the part needed was obsolete. Mr M was told Aviva could supply a replacement boiler under the policy, but he would have to pay for the installation costs.

Mr M needed to pay a deposit prior to the boiler being installed. He attempted to pay this via his credit card, but the payment wouldn't go through. Mr M asked Aviva to suspend the installation while he sorted things out with his credit card provider.

In April 2022, Mr M asked our service to help him with a complaint against Aviva. He said he was expecting it to get in touch about an alternative payment method, but it hadn't. He told us Aviva had cancelled his policy.

After Mr M's concerns were put to Aviva, it responded to his complaint. Aviva said its installations team had informed it that Mr M had asked them to put the job on hold and hadn't heard from him since. Aviva gave Mr M a telephone number for the installations team for him to call if he wanted to proceed.

Aviva said it had cancelled the policy in line with its terms and conditions which say that if a boiler is deemed to be beyond economical repair, the policy will be cancelled.

Mr M called Aviva to try to arrange the installation. Aviva said it had booked in for a surveyor to call Mr M the following Monday to give him a new installation price over the phone. However, Mr M says he wasn't called as promised.

Mr M sent a letter to Aviva raising his concerns that he hadn't been called as arranged. He suggested Aviva send him a voucher for the boiler so he could arrange the installation himself. Aviva has acknowledged receiving Mr M's letter in July 2022, but it didn't respond. In December 2022, Mr M asked us to look into his complaint. Our investigator looked into his concerns but didn't think Mr M's complaint should be upheld. He acknowledged that Aviva's communication could have been better. But he was satisfied it had considered his claim in line with the terms of the policy. He said Aviva wasn't responsible for Mr M's payment being declined by his bank.

Mr M disagreed with our investigator's outcome. Mr M said his bank wouldn't allow him to pay a sub-contractor because of an issue he'd had in the past regarding payment to a

builder's sub-contractor. He wanted to be able to pay Aviva's agent ("H") who could then pass it on to the sub-contractor. He said H hadn't contacted him about the installation or replied to the letter he sent in July. He would prefer that he be sent a voucher so he could arrange the installation himself.

Our investigator asked Aviva if it could assist Mr M with getting the new boiler installed if he paid the installation cost. Aviva said it wasn't able to install a new boiler for Mr M due to the time that had passed. It said Mr M didn't hold any active insurance cover with it anymore. Mr M asked for his complaint to be considered by an ombudsman. So, the matter was passed to me to decide.

I asked Aviva for some further information and queried why it had said it was unable to install the boiler due to the period of time that had lapsed.

Aviva said it could award Mr M the cost of the boiler it was going to install in December 2021, which had a cost of £339.28.

I issued a provisional decision on 27 February 2023 where I explained why I intended to uphold Mr M's complaint. In that decision I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."

Based on what I've seen so far, I intend to uphold Mr M's complaint. I'll explain why."

The policy terms say:

"If the boiler is deemed beyond economical repair and is 7 years or older, we will source, replace and install a new boiler, but you will be required to pay the installation costs..."

From what I've seen, Mr M's boiler was around sixteen years old at the time of his claim. So, I think it was reasonable for Aviva to have offered to replace his boiler if Mr M paid the installation costs."

I've listened to recordings of Mr M's telephone conversations with Aviva's surveyor in January 2022. Mr M attempted to pay a £750 deposit by credit card over the phone. The following day, Mr M said his bank had rejected the payment and said he shouldn't make a payment to that account. Mr M said he wanted to suspend installation until further notice and would be back in touch with Aviva once he'd got more information from his credit card company."

The following day, Mr M was sent letters informing him that his policy had been cancelled. One of the letters said: "If you are entitled to a contribution towards a replacement boiler, this will be sent by cheque in the next 28 days."

Aviva has noted that Mr M called a couple of times in March 2022 to query why he hadn't received a cheque. Aviva hasn't provided call recordings and its notes are brief. But it doesn't look like Aviva explained to Mr M why it wasn't sending him a cheque or there was any further discussion about indemnifying him for his loss."

I acknowledge Aviva wasn't responsible for Mr M's credit card payment not going through. As matters stood in January 2022, it was up to Mr M to get back in touch with Aviva to arrange the installation. I also don't think it was wrong for Aviva to have cancelled the policy in January. However, it doesn't look like Aviva communicated with Mr M clearly when he phoned in March 2022."

I've also listened to a call that took place in July 2022, when Mr M got in touch with Aviva's installation team as recommended in its final response letter of June 2022. Aviva said it had arranged for a surveyor to call Mr M the following Monday to give him a new installation quote. Mr M tried to explain the issue regarding making a payment to a sub-contractor, rather than Aviva's agent (H). However, the agent he spoke to told him that they needed to get the price before they talk about payments.

Mr M says he wasn't called by the surveyor as promised, and I haven't seen any evidence from Aviva to show that any attempts to contact him were made. Mr M raised concerns about this in a letter which is dated around a week after the appointment. He also suggested Aviva provide him with a voucher so he could arrange the installation himself.

Aviva has acknowledged receiving this letter at the time and that it wasn't responded to. Aviva says it asked the agent to review the letter, following our file request (in December) but he deemed no further action was required.

The relevant industry rules require Aviva to provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress. I don't think Aviva has done enough to help Mr M with his claim. Aviva hasn't communicated clearly with Mr M, and as a result it's delayed progress on his claim.

It's also concerning that Aviva said it wouldn't be offering Mr M a free boiler after our investigator asked it to assist him with getting a boiler installed. The policy was active when Mr M made his claim, so he is entitled to be indemnified in line with its terms.

Aviva has now said it would be willing to pay Mr M the cost of the boiler it was going to install in December 2021 (an Ideal Logic H18). However, it says the cost is £339.28, which appears to be much lower than the retail price for the boiler. So, I intend to direct Aviva to pay a cash settlement equivalent to what it would cost Mr M to replace his boiler with an Ideal Logic H18.

I also think it would be fair for Aviva to compensate Mr M for the distress and inconvenience he's experienced from its poor communication and resulting delay in getting the matter resolved."

I set out what I intended to direct Aviva to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses

Mr M said he had nothing further to add, only to correct the part of my provisional decision where it said Aviva was going to install a new boiler in December 2021. He said the installation was going to be in March and the cost to him was £2,700 which included some upgrade, not £339.28. He said this might be a minor mistake on Aviva's part, which I don't need to challenge.

Aviva said it was disappointing that I'd reached a different conclusion to our investigator. It said it had asked its Product and Boiler Installation teams to see if they had anything further to add. Their only comment was that the root cause of the issue was Mr M being unable to pay, so they weren't sure what more they could have done. They were waiting for Mr M to contact them, but their notes suggested he didn't come back to them directly.

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.

The amount of approximately £2,700, Mr M has referred to, was what he was quoted for installation, which might also have included the cost of an upgrade. The amount of £339.28 is what Aviva offered to pay Mr M instead of supplying him with a new boiler. This didn't include the cost of installation.

I don't expect Aviva to pay the cost of installation as this isn't something Mr M is entitled to under the terms of the policy. However, I don't think the £339.28 it offered would be enough for Mr M to buy a replacement boiler. So, I think it would be reasonable for Aviva to pay him a cash settlement equivalent to the retail price of the boiler it was going to install. That way Mr M should be able to purchase a boiler and arrange for it to be installed himself.

I appreciate Aviva wasn't responsible for the difficulties Mr M had in making the payment for the installation. However, I've explained why I think Aviva's communication was poor and it didn't do enough to help him with his claim. I think £300 is a fair amount to compensate Mr M for the distress and inconvenience he experienced as a result of this.

Putting things right

Aviva should:

- Pay Mr M a cash settlement equivalent to the retail price of an Ideal Logic H18 boiler.
- Pay Mr M £300 for distress and inconvenience.

My final decision

For the reasons I've explained, I uphold Mr M's complaint and direct Aviva Insurance Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 April 2023.

Anne Muscroft
Ombudsman