

The complaint

Mrs R complains about how Evolution Insurance Company Limited handled a claim she made under her boiler breakdown insurance for a boiler repair.

What happened

Mrs R held an annual boiler breakdown insurance policy, which is underwritten by Evolution Insurance Company Limited (EIC). This policy was purchased via an online price comparison website on 11 November 2022. It started on 12 November 2022 and was intended to cover repairs to Mrs R's boiler, which was made by a company that I'll call "B".

Mrs R received the terms and conditions of her policy after the policy was accepted. And, on 14 November 2022, EIC asked Mrs R to complete an online form confirming the particulars of the boiler she'd asked it to insure.

Mrs R duly completed the form and provided the requested information to EIC by email. She stated that her boiler was in good working order and was around 7 years old. Mrs R said she didn't hear anything further from EIC other than an acknowledgement to her email on 16 November 2022.

On 4 December 2022 Mrs R's boiler leaked. She contacted EIC to report a fault with her boiler and paid an excess of £45 for an engineer to attend her property. A claim was raised on her behalf and an engineer was sent to Mrs R's address to inspect the boiler on 6 December 2022. The boiler couldn't be repaired as a new hydraulic group part was required.

Mrs R said that, during the engineer visit, she was invited to take finance out to purchase a new boiler. Mrs R said she was pressured into signing a finance agreement. However, her credit check was unsuccessful. So, this didn't proceed any further.

Following the engineer visit, Mrs R was informed that cost to repair the boiler would exceed the current market value of the boiler. So, the boiler was determined to be beyond economic repair (BER). EIC therefore declined to fund any repair and cancelled her policy. It retained the excess Mrs R had paid.

Mrs R subsequently asked B to attend her home and repair the boiler. An engineer visited Mrs R's home on 7 December 2022 and repaired the boiler – stating it wasn't BER. B set up a repair and care annual insurance policy on Mrs R's behalf. This policy covered breakdown protection for the boiler and waived the cost of the initial repair while Mrs R remained insured.

Mrs R wasn't happy with how EIC had handled her claim and complained. She felt she'd been misled into believing her boiler would be covered for repairs up to the value of £1000. She disputed EIC's assessment that her boiler was beyond economic repair. To resolve her complaint Mrs R asked EIC to pay for her boiler repair costs and refund the excess she'd paid.

In its final response to Mrs R's complaint, EIC didn't uphold her concerns. It said the excess was payable to secure the attendance of an engineer when a claim was made and, as assistance had been provided, this payment couldn't be refunded. It also maintained its view that the boiler was BER. It said it had therefore acted correctly in cancelling the policy and it wouldn't pay for any costs Mrs R had incurred with B.

Being dissatisfied with how EIC had dealt with her complaint, Mrs R complained to our service. Our investigator assessed the evidence provided. Initially they recommended upholding this complaint because they hadn't seen enough evidence to show how Mrs R's boiler had been determined as BER. But they didn't think EIC had acted unfairly in keeping the excess payment Mrs R had made because this was in line with the terms of the policy.

Following our investigator's view of this complaint, EIC provided evidence to our service showing how the value of Mrs R's boiler had been calculated. Our investigator reconsidered the evidence submitted and was satisfied that the cost of repairs far exceeded the value of the boiler making it BER. So, they didn't think the complaint should be upheld.

EIC accepted our investigator's view of Mrs R's complaint, but she didn't. So, I've been asked to decide the fairest way of resolving this complaint.

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.

My role is to decide the crux of the complaint and ensure that I respond to the main issues. Where I haven't commented on a specific complaint point raised by Mrs R or EIC it's not because I've failed to consider it, but because I don't think I need to comment on it to reach what I think is the right outcome for the complaint as a whole.

The crux of this complaint is whether EIC made a mistake, or treated Mrs R unfairly, such that it needs to now put things right.

I'll start with the sales process. As I've already indicated, Mrs R purchased her policy via a price comparison website. I'm satisfied the sale was conducted on a non-advised basis as EIC didn't recommend the policy or provide Mrs R with any advice as to the suitability of the cover she was selecting.

As the sale was non-advised, EIC didn't need to make sure that the policy Mrs R purchased was suitable for her needs. It had a responsibility to provide information that was clear, fair and not misleading so Mrs R could make an informed decision on whether the policy was suitable. The responsibility for ensuring she had the cover she required rested on Mrs R.

Like all insurers, EIC sends policy documentation to a policyholder after a policy has been accepted. This documentation includes, amongst other things, a policy insurance schedule and the terms and conditions. EIC said that it provided Mrs R with these documents; she hasn't disputed this.

Having seen the documentation EIC sent Mrs R, I'm satisfied it informed her how a claim for a boiler repair would be handled, the circumstances in which a boiler would be deemed BER and what would happen to the policy if that occurred.

Mrs R has argued that EIC should have informed her of the market value of her boiler at the outset. She said if she'd have been aware that her boiler would only be valued at £387.42

she'd have exercised her legal right to cancel the policy within her 14 day cooling off period without penalty.

I can understand why information about the market value of her boiler may have been helpful for Mrs R at the point that she incepted her policy. But our service wouldn't expect an insurer to calculate the market value of a boiler until a claim was made under the policy. It wouldn't be possible to foresee the potential cost of a repair until the boiler developed a fault. And, while Mrs R provided a lot of information to EIC about her boiler on 14 November 2022, I'm persuaded it wasn't obliged to calculate the boiler's market value at that point.

I can see that when Mrs R reported the fault with her boiler to EIC it dispatched an engineer to her property quickly. I say this because the engineer visited within 2 days of the problem being reported. I'm therefore satisfied that EIC prioritised the visit for Mrs R.

It's not in dispute that there was a fault with Mrs R's boiler, which couldn't be repaired during the engineer's visit on 6 December. This is because a new hydraulic group part was needed to undertake the boiler repair. And I can see that the same parts had to be ordered by B when it attended to inspect the boiler to complete the repair.

Mrs R contends that her policy covered her for up to £1000 towards the cost of a boiler repair. She said her policy offers:

"unlimited assistance and repairs, with cover up to £1000 per claim including parts, labour and VAT".

But the policy Mrs R purchased covered the cost of repairing her boiler provided it wasn't BER. The terms define BER as follows:

"Boilers have a working life of, usually, 7 to 20 years. Their value reduces over time. If, after an engineer visit and assessment, repair costs are estimated to be more than the current value of the boiler we will not be able to carry out a repair but will try to assist you with other options".

I've reassessed Mrs R's complaint with the policy definition of BER in mind.

EIC has showed our service reliable evidence that the cost of the part that was needed to repair the boiler was just under £559 including VAT. Once the cost of labour had been factored in, the cost of repair increased to just over £756.

Mrs R has explained that B was able to procure the required part for significantly less than EIC. She's provided evidence that the cost of parts and labour was £220.80 – over £500 less than EIC's quoted costs. She says this renders EIC's quoted repair costs unreliable and means that her boiler was not BER.

I recognise the argument Mrs R is seeking to advance here. But B is the manufacturer of the boiler, which may explain why it could obtain the parts it needed more cheaply. And if the cost of replacement parts and labour that B was able to source were less than the current market value of the boiler then B wouldn't be deemed to be BER.

EIC has acknowledged that there can be a cost difference between its repair and that by a manufacturer. So, while B's repair costs were much cheaper, this doesn't mean EIC's repair costs were incorrect or excessive. It was entitled to use the information it had obtained for the cost of parts and labour in calculating the overall cost of repairing the boiler.

Mrs R has disputed the market value that EIC attributed to her boiler. I can see EIC provided helpful detail on this issue following our investigator's initial view. This information shows that EIC used an initial market value of £900 for Mrs R's boiler. I don't think this was unreasonable and Mrs R hasn't provided our service with any evidence showing that her boiler cost more than £900 when it was purchased.

EIC has showed our service that, in determining the current market value of Mrs R's boiler, it used a recognised industry calculation, which takes into account the purchase value, age, make and model of the boiler. It explained that, in line with industry guidelines, it applies a 10% reduction each year as a boiler's value depreciates by around 10% each year.

Having carefully considered the calculation EIC provided our service, I'm satisfied that the market value it attributed to Mrs R's boiler – namely £387.42 – properly reflects its age, depreciation, make, model and therefore its current market value.

Because the cost of the repair far exceeded the current market value of Mrs R's boiler, I'm satisfied it was fair and reasonable for EIC to assess the boiler as BER. As this decision was correct in the overall circumstances, I'm not going to direct that EIC to contribute towards the cost of the repair that B undertook.

I understand that EIC cancelled Mrs R's policy after her boiler was deemed BER. This is in line with the policy terms. So, I can't say EIC acted unreasonably in terminating Mrs R's policy.

Mrs R asked our service to direct EIC to refund the £45 excess payment she made when she reported her claim. However, as our investigator explained, the policy terms define the words "excess" and "claim". They say an excess is a payment "towards each claim". And that a claim is "a request for a repair or assistance".

Mrs R raised a claim and asked for assistance with a boiler repair. An engineer was deployed on this basis. So, I'm satisfied that an excess payment was fair and reasonable. It follows that I'm not going to direct EIC to refund the payment Mrs R made.

As I set out in the background to this complaint, Mrs R has shared concerns with our service that she felt pressured to take out finance to fund the cost of a new boiler. I understand that the financial checks on Mrs R's credit status weren't successful, which led to the finance application not being completed. So, the new boiler order didn't proceed any further.

I can understand why Mrs R may have been upset if she felt pressured. However, the policy terms state that if the boiler can't be repaired EIC is obliged to assist a policyholder with other options, which is what I think the engineer wanted to do.

As our investigator has already explained, it's very difficult to assess what happened in relation to exchange between the engineer and Mrs R within her home - particularly in the absence of an account from the engineer involved and records about what happened. I can't safely infer that Mrs R was pressured to take out finance. And, as the finance application wasn't successful, Mrs R hasn't suffered financial detriment. So, I haven't seen enough to lead me to conclude that compensation ought to be paid to Mrs R.

For the reasons set out above, I'm satisfied that Mrs R wasn't mis-sold her insurance policy with EIC and I don't think it acted unfairly in how it handled her claim for a repair to her boiler. I'm therefore not upholding this complaint.

I realise Mrs R will be disappointed with my decision. But it brings to an end what we, in trying to resolve her dispute with EIC informally, can do for her. I'm sorry we can't help Mrs R further on this.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 3 June 2023.

Julie Mitchell
Ombudsman