

The complaint

Mr O complains about Aviva Insurance Limited's ("Aviva") quote for installation costs for a replacement boiler under his home emergency insurance policy.

What happened

Mr O's boiler was declared beyond economical repair. Aviva then quoted £2,748 for a replacement boiler and installation, but with a discount of £1,099, he was required to pay £1,871 for installation costs. Mr O says he then instructed his own contractor who carried out the work for £1,600. Mr O then complained about the price quoted by Aviva.

Aviva responded and explained their quote set out installation costs they felt were necessary and the terms and conditions set out the range of installation costs they charge.

Our investigator looked into things for Mr O. She thought Aviva hadn't treated Mr O unfairly in relation to their quote. Mr O disagreed so the matter has come to me for a 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.

Having done so, I've decided not to uphold the complaint. I understand Mr O will be disappointed by this but I'll explain why I have made this decision.

I think it's important to point out the role of this service isn't to set a price for the costs that insurers charge for their services. This is a commercial judgement and for them to decide. But we can look to see whether we agree a consumer has been treated fairly – so is there anything which demonstrates they've been treated differently or less favourably. If we think someone has been treated unfairly, we can set out what we think is right to address this unfairness.

My starting point is Mr O's home emergency policy booklet. This sets out the terms and conditions, and under a section headed 'Obsolete Parts and Beyond Economical Repair boilers' it says, *"If it [boiler] is 7 years old or older we will source and replace your boiler through our approved installer and you will be required to pay the installation cost. A survey will be completed and an individual quotation will be provided"*

The information shows Aviva did, in line with the policy terms and conditions, carry out a survey and produced an installation report, following which they provided an individual quotation to Mr O. Further, and in line with the policy terms and conditions, the boiler was free, but Mr O would be required to pay for installation. The dispute here though relates to the price quoted by Aviva. Mr O says he appointed his own contractor who charged him £1,600 for both boiler and installation – but Aviva's quote for both was £2,748.

Our service has carried out extensive research into this and compared Aviva's price with other providers. This involved asking policyholders a series of questions to assist our service in establishing the scope of work required to install their boiler – this ensured the quotes we obtained from other providers would be as realistic as possible. And, using this information we then obtained quotes from a range of providers of differing size – this ensured the information we obtained was fairly representative of the prices across the market. Having carefully reviewed this information, I've then considered whether I think Aviva have acted fairly and reasonably in the circumstances. I think it's important to add, I've looked at the scope of work Aviva have set out in their quote to Mr O, and both the scope and quote is identical to other cases which formed the basis of our market research.

To determine whether Aviva had acted fairly, I considered the installation quotes they gave to replace a boiler and assessed this against quotes from other providers in the market. And, I found Aviva's quote to be broadly comparable with quotes from other similar providers in the market. So, I can't say Aviva's quote is excessive or unreasonable in comparison to other providers able to carry out the same installation. I do accept Mr O was able to find a quote cheaper than what Aviva had quoted – but this doesn't mean their quote was unfair. I acknowledge Mr O may feel that, it can't be fair that a policy, which offers a free boiler but requires a customer to pay for installation costs, can provide a quote which is more expensive than a customer getting both a boiler and installation arranged privately. But I think it's fair and reasonable in the circumstances to measure Aviva's quote against a range of providers in the market – and having done that, I can't say Aviva have acted unfairly.

Mr O is also concerned about having to pay for the installation of a thermostat which he says was damaged, and also the flue. Aviva say, as the boiler needed to be replaced the thermostat would also need to be replaced to match the boiler. They say the flue was also required as part of the installation. The scope of work set out in the quote makes reference to both of these, so I can't say Aviva have acted unfairly by including the cost for installing these within the quote.

I can see Mr O believes he wasn't actually getting a free boiler but instead Aviva were just inflating the quote to create the impression a free boiler was being offered, and that the £899 they allowed for the boiler was just a fictitious amount. I do acknowledge Mr O's concern, but I've seen the breakdown of the discount that was applied, and I can see this was a legitimate discount and not something which was manipulated to create the impression of there being a discount. And, as mentioned above, I haven't seen any information which suggests Aviva's quote was deliberately overpriced in a manner which was unfair. I do acknowledge Mr O has provided evidence showing quotes ranging from £1,799 to £2,475, but for the reasons I've mentioned, I'm not persuaded Aviva have treated Mr O unfairly with their quote.

I've already addressed why I don't think Aviva's quote was unfair, but I've also considered the benefits, and the quality of those benefits, provided by Aviva if Mr O had chosen to claim against his policy and instructed Aviva to carry out the installation. In this case, the benefits are also broadly comparable to what's on offer from other providers. For example, if Mr O had chosen to instruct Aviva to replace the boiler, they would've offered a 12-month workmanship warranty and a two-year manufacturer warranty. So, taking this all into account, I can't say Aviva have treated Mr O unfairly.

I can see Mr O also complains about the delay caused by Aviva, and this leading to one month's loss of rental income for Mr O. The information shows Mr O's boiler was declared beyond economical repair on 21 November 2023, followed by a quote for installation costs being sent to Mr O on 27 November 2023. Mr O raised concerns about the quote and then emailed Aviva again on 14 December 2023 to say he agreed to have the boiler installed and asked about available installation dates. At this point, Aviva's agent and administrator of the policy, was no longer operating, so another company issued a quote. I can see Mr O then

engaged in an email exchange with this company through December 2023. So, I can't say there has been any avoidable delay here caused by Aviva. Following the boiler being declared beyond economical repair, they issued a quote to Mr O less than a week later. It's clear Mr O wasn't happy with the quote but I can't say Aviva delayed in their claims handling. It therefore follows, that I don't believe Aviva should be responsible for any loss of rent which has occurred due to the time taken to install a boiler.

I acknowledge Mr O believes he hasn't been treated fairly. I fully understand why, on this basis, Mr O has complained, and I hope he feels reassured that our service has investigated Aviva's quote. But I can't say they've made a mistake in their quote or otherwise treated Mr O unfairly. I wish to reassure Mr O I've read and considered everything he has sent in, but if I haven't mentioned a particular point or piece of evidence, it isn't because I haven't seen it or thought about it. It's just that I don't feel I need to reference it to explain my decision. This isn't intended as a discourtesy and is a reflection of the informal nature of our service.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 30 December 2024.

Paviter Dhaddy
Ombudsman