

The complaint

Mr B is unhappy with Domestic & General Insurance Plc's handling of a claim made under his boiler breakdown insurance policy for a repair to his home heating system.

What happened

Mr B has had a boiler breakdown policy with D&G for around 20 years. The policy covers not only his boiler but also his heating system, including the controls. The policy provides for an annual service, which Mr B has had done over the years. The annual service isn't something that is covered by the ombudsman scheme, as it's not a regulated activity, but the insurance policy cover is. So, that's what I've looked at in this complaint. I have, however, noted Mr B's concern that the problem with his heating arose in close proximity to the attendance of the service engineer.

In September 2024, the annual service was undertaken, but within a day Mr B's heating system started to malfunction. I understand it has been working intermittently since, but the controls for the hot water and heating aren't working properly.

An engineer was sent out a few days later and the problem was identified as relating to the smart fit control. This had failed and required replacing. The problem was that the part fitted had become obsolete around eight years previously. For a new part to be fitted, the wiring in Mr B's home needed to be changed to accommodate the new type of electrical connection needed. This would require an electrician and wasn't something that the engineer could do.

Mr B raised a complaint as he'd paid for his policy for the last 20 years, eight years of which it seemed that his system may not have been repairable as the parts were obsolete. He considered that the servicing engineers who'd attended would have known this, and that D&G had taken his money under false pretences, as it wouldn't have been able to fix his system had it broken down any earlier. So, he either wanted his premiums back or for D&G to pay for the work required to fix it. In the interim, Mr B and his family only had intermittent heating and hot water. D&G did offer to provide Mr B with electric heaters, but he didn't need these as he'd made alternative arrangements.

D&G responded to Mr B's initial complaint within a couple of weeks – in September 2024. It offered to pay him £330 now toward the costs of the electrician's work on a '*pay and claim basis*' and said that he should then send it the invoice so that it could pay anything additional. He could also then book in a repair appointment for the control to be replaced with the current version.

It was after this that matters appear to have gone awry. Mr B wasn't unhappy with the proposed resolution. He responded to say that he could get the electrician to do the work but that this would also entail about 20 feet of channelling into his staircase wall to run the new wire to the fuse box downstairs. This would be quite disruptive and costly. He wrote to ask whether D&G would cover the costs of the channelling, and any redecoration required. He also suggested an alternative, and potentially much cheaper and less disruptive solution would be for a new wireless controller system to be installed. If neither of these were to be authorised, then he thought that he should have his premiums back.

Mr B struggled to get a response from D&G to his suggestions over the following couple of months. He telephoned numerous times. In the end D&G raised a further complaint. Its response to this in November 2024 was that it wouldn't cover the channelling and redecoration, it couldn't authorise a wireless system as these weren't supported under its policies and that as Mr B had received benefits from his policy over the years through annual services and repairs, it wouldn't refund his premiums.

Our investigator considered Mr B's complaint, but didn't think that it should be upheld. So, Mr B asked for an Ombudsman's review and decision. In advance of this final decision, I issued a provisional decision in which I said that I intended to uphold Mr B's complaint and would require that D&G pay for the work needed up to the policy limit of £1,500, less any amount paid already. I also said that I intended to require that D&G pay Mr B £600 compensation for the distress and inconvenience that he had experienced.

Mr B responded to say that he was happy with the resolution I had suggested. He said that his preferred option was to install a wireless controller, so the upheaval and inconvenience of channelling into his walls could be avoided. He also accepted that D&G would be unlikely to cover a wireless system going forward, so he would need to find alternative insurance. But he requested that D&G refund the premiums for any period left outstanding on his policy. He also confirmed that he had received the £330 offered toward the work in D&G's September 2024 final response letter.

D&G responded to helpfully provide me with further information about the technical background to the problem. Rather than a problem with the wiring being of the incorrect voltage rating, it was an issue with the electrical connectors to the old control system that made them obsolete. D&G still didn't think that the work was covered by Mr B's policy, and it considered that the £330 paid already was for distress and inconvenience, rather than a contribution toward the work. It asked me for further clarification about why I considered that £600 was appropriate compensation, being £270 more than it thought it had already offered. And it said that the scope of the annual boiler services it had carried out wouldn't have put it on notice that the relevant parts were obsolete.

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.

I am grateful to both Mr B and D&G for their responses to my provisional decision, although these have not changed what I consider to be the fair and reasonable outcome of this complaint. My findings, for the most part, also remain the same. I'll set out below what I said in my provisional decision but will clarify, as appropriate, those findings with reference to the additional points made.

I consider that the outcome reached in the September 2024 final response letter for the first complaint was a fair one. It was clear that but for the problem with the electrics, the repair would normally be covered under Mr B's policy and the suggestion that D&G pay to get the electrics changed before the repair was done was a sensible and pragmatic one in the circumstances. Mr B also doesn't appear to have disagreed with that, although I can understand why he will have remained upset that he had paid over £3,000 for cover for the previous eight years when some of the parts were obsolete.

D&G has said that the £330 offered was compensation for Mr B being without heating and hot water. But I would refer it to the wording of the 20 September 2024 final response letter in which the complaints handler said:

'We will offer you a 'pay and claim' option to facilitate the necessary upgrades. This means that we will provide a goodwill payment of £330.00 to assist with the costs of hiring an electrician to upgrade the wiring in your system. This amount will be sent to you in the next 5-7 working days.'

Mr B has confirmed that he received that sum. So, it appears to me that D&G offered to pay for the upgrade work. And it was only when Mr B asked for a wireless alternative and explained the additional decorative work that may be needed, that a subsequent complaints handler sought to renege on the settlement already proposed. On a fair and reasonable basis, this in itself is reason for me to uphold the complaint, as a settlement had been offered and accepted by Mr B.

I went on to say in my provisional decision that I thought that Mr B had had benefit from his cover, and if any part of the system had failed earlier, the policy should have either covered a repair for any parts available or otherwise paid out in cash toward a replacement. That's because this policy is more than just repair insurance. In the event that a boiler or its system can't be repaired, the policy provides for D&G to pay a contribution toward the cost of a replacement product.

I think the first agent at D&G who looked into Mr B's problem understood the issue. She phoned the manufacturer, who in turn spoke to the engineer. Originally the problem had been recorded as not covered by the policy. And the agent questioned this, as even if it couldn't be fixed, the policy would normally pay out toward a replacement. It was then clarified that the parts were obsolete.

Mr B has helpfully directed me to a website that confirms that these parts are no longer available, and D&G has clarified that it is the electrical connections that have changed on the equivalent new system. So, the wiring in Mr B's home needs changing to accommodate this.

As I said above, the agent suggested in the September final response that D&G cover the work on a 'pay and claim' basis. That would mean they'd pay £330 now and that Mr B would then send the invoice in for the work once it was done for the payment of any balance. Subsequent D&G agents have then confused that payment to be compensation for the lack of heating and hot water for Mr B and his family, including his young children. But that's not the case. It was merely a pre-payment toward the work to be done. I hope that D&G can now see why I've said this, given the wording from the final response letter that I've quoted above.

Mr B then made enquiries of an electrician and whilst the electrical work required would likely cost around £300-400, the channelling of the wall and redecoration might be nearer to £1,000 or more extra. An alternative had been suggested to him that he install a wireless control system that would likely be cheaper and would be less disruptive, given the need to channel the walls and re-decorate.

Quite sensibly, Mr B then put this to D&G for them to authorise, although this then set off a series of communications in which D&G said it wouldn't cover the damage and restitution to the walls, and that as it didn't support wireless systems under its policies, it couldn't authorise this either. Mr B was therefore left in limbo, not wanting to incur costs that D&G wouldn't reimburse and also unhappy to have paid for an insurance product that hadn't helped him out in his time of need.

D&G has said that Mr B's policy doesn't cover him for the channelling and redecoration. It says that's not specifically covered in the policy. It's referred me to an exclusion clause that includes various items, one of which is cables and cable joints. I accept that policies like this often exclude items that may normally be subject to wear and tear. But when considering

this complaint, I've not said that the replacement wiring to the control is something that would generally be covered by a policy of this type. But as I said in my provisional decision, that is I think missing the point. What it does cover Mr B for is the work required to fix his boiler and heating system – and if it can't be fixed, then it is to provide a contribution toward a replacement. That's what it would do if the boiler itself were irreparable. It would contribute toward the cost of fitting a new one. But it wouldn't supply the boiler or fit it itself. And it wouldn't tell Mr B which new boiler or system he should fit.

What Mr B needs here are replacement controls. And those will require some electrical and building/decoration work or alternatively a wireless option. The maximum policy limit is £1,500. Mr B has paid over £3,000 for his policies over the last eight years – and he's said that given it was serviced annually by D&G's agents, they were effectively on notice that some of the parts they were insuring were now obsolete – so may ultimately need to be replaced.

D&G has said that the annual services wouldn't have picked up on this, as the controls aren't something that the servicing engineers will normally inspect. I accept that. But those controls are still covered by the policy, which provides for a cash contribution toward a replacement in the event that they are to no longer work and can't be repaired. Something is wrong with them here, as they only work intermittently and this isn't in dispute. Whilst the new wiring itself may not ordinarily be covered by the policy, an offer was made to pay for this by D&G in the September final response letter. So, it's only fair and reasonable that it now provides a resolution.

Putting things right

In my provisional decision, I said that I thought that D&G should pay for the repairs up to the policy limit of £1,500, less the £330 which Mr B has since confirmed was already paid. I originally offered Mr B the choice of either installing a wired or wireless replacement. He's opted for the wireless system. This isn't something that D&G cover, so Mr B will have to make his own arrangement for this to be fitted and he should then submit the invoice to D&G to be reimbursed, which is along the lines of what it originally suggested when it agreed to a *'pay and claim'* arrangement.

I've also considered the distress and inconvenience that Mr B has suffered over the last nine months since the problems with his heating system first occurred. Mr B has not only had to follow this up with numerous agents at D&G, explaining the circumstances to each of them time and time again, but he tells me that he has young children, and the heating and hot water has been intermittent. D&G did offer Mr B some electric heaters at the start which was the right thing to do. But for the distress and inconvenience he's experienced since, I shall require that D&G compensate him £600.

D&G has questioned why I think this is fair and reasonable. As I've said above, it hasn't already compensated Mr B for the trouble and upset that he's been caused. The £330 offered wasn't for that. I'm sure that most people can appreciate how annoying and upsetting it is to have a hot water and heating system that is unreliable. That's why Mr B took this policy out in the first place. Through no fault of his own, this saga has now dragged on for many months, including the winter period. And I consider £600 to be appropriate compensation for what he and his family have been put through.

Mr B has acknowledged that D&G may no longer be able to cover his system once the wireless controller is fitted. If Mr B has paid upfront for his policy for this year and therefore needs to cancel it, I would consider it fair and reasonable for D&G to waive any cancellation charge and refund the unused pro rata cost of his policy for the rest of the policy year, or not require him to pay any further monthly instalments for any unused part of the year.

My final decision

It's my final decision to uphold this complaint against Domestic & General Insurance Plc. I require that it reimburses Mr B the costs of his installing a wireless heating control system to replace the malfunctioning parts. I also require that D&G pay Mr B £600 for the distress and inconvenience that he has experienced and allow him to cancel any unused portion of the policy as I've provided for above.

The limit of liability will be a total of £1,500 (less the £330 already paid to him) and Mr B should provide D&G with copy invoices for any costs incurred which it should settle promptly upon receipt. The £600 compensation and any refund of premium is payable on top of this and should be settled within four weeks of Mr B accepting this final decision and from the cancellation of his policy respectively.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 24 July 2025.

James Kennard

Ombudsman