

The complaint

Ms S and Mr W have complained that U K Insurance Limited (“UKI”) unfairly declined their claim for repairs to their boiler.

What happened

In May 2025, Ms S and Mr W made a claim for an emergency incident involving their boiler. The insurer attended and suggested that the boiler was beyond economic repair. But Ms S and Mr W didn’t agree and subsequently said they had been able to arrange an economic repair themselves.

They made a complaint to UKI, saying they were now out of pocket by £836.40 due to funding the repair themselves. In its response to the complaint, UKI said the engineer who attended identified that the pump needed replacement, but that the issue was then reviewed by a manager who looked at photos of the boiler and said these showed extensive internal corrosion – the level of which posed a potential risk to the safety of the appliance. It said the corroded sections of gas pipework and the boiler casing would need to be replaced to ensure the boiler remained safe for continued use.

It said that as some of the parts needed were not available, this made a full and compliant repair unfeasible. And this meant the boiler was deemed uneconomical to repair. It also said it appreciated that a private repair was carried out at Ms S and Mr W’s own expense, but that this wouldn’t have addressed the wider safety concerns of the gas compliance manager who had reviewed their case.

Accordingly, UKI maintained its decision to decline the claim. Because Ms S and Mr W disagreed, they referred their complaint to the Financial Ombudsman Service for an independent review.

Our Investigator considered the complaint, but didn’t think it should be upheld. She said as UKI couldn’t guarantee the safety of the boiler through a repair, and bearing in mind the depreciated value of the boiler and the policy terms, she wasn’t persuaded UKI had declined the claim unfairly.

As Ms S and Mr W didn’t agree with our Investigator, the complaint was referred to me for an Ombudsman’s decision. I issued my provisional decision on 26 March 2026 and I’ve included an extract from it below:

“The insurance industry regulator, the Financial Conduct Authority (FCA), has set out rules and guidance about how insurers should handle claims. These are contained in the ‘Insurance: Conduct of Business Sourcebook’ (ICOBS). ICOBS 8.1 says an insurer must handle claims promptly and fairly; provide reasonable guidance to help a policyholder make a claim and give appropriate information on its progress; and not unreasonably reject a claim. I’ve kept this in mind while considering this complaint together with what I consider to be fair and reasonable in all the circumstances.

Based on what I’ve seen, I currently think the claim was declined unfairly. I’ve checked what

the policy terms say in relation to when a boiler is deemed uneconomical to repair. And it says the following:

“Repair is uneconomical

Any repair to a boiler, storage heater or any other heating or domestic appliance that is more than the cost of replacing it”.

The replacement cost, according to UKI, for a like for like boiler, was £1,964.39 including VAT. This didn't include the labour cost of replacing the appliance. So it's clear that the repair cost paid by Ms S and Mr W was not more than the cost of the replacement, as they only paid £836.40 to replace the pump and repair the boiler.

So I don't think it was reasonable for UKI to say the boiler was uneconomical to repair, as per its own policy terms, as the policy terms don't mention that this decision will be based on the depreciated value of the boiler. I'm also not satisfied that it was fair for UKI to decline the claim on the basis of the following policy term:

“Replacement parts

DAS will attempt to provide replacement parts where necessary but cannot be held responsible if these are delayed or unavailable”.

UKI says the casing was no longer available so a safe and lasting repair wouldn't have been possible. I can understand why it wouldn't be willing to accept the claim on this basis as an insurer is obligated to carry out a lasting and effective repair under a policy. But from what I've seen, the replacement of the pump, whilst leaving the corroded parts as they are, would likely have achieved this aim. This is supported by Ms S and Mr W's comments that there have not been any issues with the boiler since the pump was replaced, and further supported by the fact that there was a gas safety inspection just two months before the boiler failed, which did not mention any safety issues relating to the boiler or the visible rust.

Whilst the evidence I've seen strongly suggests that the pipes and casing were heavily corroded, and this view was shared by UKI's gas compliance manager, there is no policy term which suggests a claim can be declined on the basis of the condition of the boiler or due to a part, which isn't necessarily required for a lasting and effective repair, being unavailable.

And I'm not persuaded that the corroded parts required replacing in order for there to be a lasting and effective repair under the terms of the Landlord Emergency section of the policy, which requires UKI to “cover the costs of the assistance described in this Section in respect of the insured incidents”.

I'm satisfied, from considering the incidents listed in the policy, that a failure of the boiler in the circumstances described was covered, as the policy covers heating and power supply failures within the property.

Whilst I appreciate that the boiler had over £1,000 worth of repairs in April 2024 and it was 12 years old, this doesn't persuade me that the boiler was nearing the end of its lifespan, and UKI hasn't provided sufficient evidence that the boiler was deteriorating as a result of the corrosion present.

So I don't agree that UKI fairly declined the claim on the basis of the “uneconomical to repair” exclusion, and I've seen nothing to suggest that UKI would be able to decline the claim in full, on the basis that the casing wasn't an available part, as I'm not persuaded that

new casing was required for a lasting and effective repair. I've considered what UKI has said about the questions it asks internally when a decision is made. But this isn't what the policy says it will do, and the policy is quite clear that a boiler will only be deemed uneconomical to repair on the basis of its repair costs. So I'm not persuaded UKI has acted in line with the terms of its policy.

I therefore intend to require UKI to cover the cost of Ms S and Mr W's repairs, which came to £836.40, adding interest at a rate of 8% simple per year, from the date Ms S and Mr W incurred the cost until the date they are reimbursed."

Ms S and Mr W replied to my provisional decision. They said that the replacement cost not including labour is irrelevant under the terms of the policy, and that the policy refers to the cost of replacing the boiler, which must include labour as a boiler can't be legally replaced by anyone that isn't gas safe registered.

They said they'd provided evidence that the replacement cost was in fact £3,755.

They also said the decision referred to UKI as the insurer but they wanted it known that the insurance policy had been marketed by Direct Line and said it was important for this to be mentioned in any published decision.

They said that a boiler nearing the end of its life was irrelevant under the policy terms and requested compensation for the failure to honour the claim, stating that 8% wasn't adequate.

UKI did not respond to my provisional decision by the deadline.

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.

In response to my provisional decision, Ms S and Mr W have made a number of points, which I'll address in turn.

They've said the replacement cost was £3,755 whereas I've referred to the replacement cost not including labour in my provisional decision, which is irrelevant as labour costs are always going to be payable. I accept this point and I agree with Ms S and Mr W about this. This doesn't change my decision, as I've said I think UKI shouldn't have deemed the boiler uneconomical to repair, since the cost of repair wasn't more than the cost of replacing it.

In their complaint form to this service, they explained that they were directly out of pocket by £836.40. The cost, or any contribution towards the cost, of a replacement boiler is specifically excluded under the policy terms. So £836.40 is the amount I'm awarding, with interest to reflect the time they've been deprived of those funds. And I understand why Ms S and Mr W want Direct Line to be referred to in this decision, as the brand which marketed their policy.

They've also mentioned that they should be entitled to compensation for UKI's failure to honour the claim. 8% interest is broadly considered a fair reflection of the loss of use of funds, so I'm still satisfied that this amount fairly compensates Ms S and Mr W for being without the money they spent on the repairs.

I appreciate why Ms S and Mr W have asked for further compensation, so I've considered their request carefully. I accept they were inconvenienced by the issue from 10 May 2025 until they had the repairs carried out on 16 May 2025. They also incurred inconvenience by

having to chase UKI for reimbursement under the policy, and incurred the further inconvenience of having to make a complaint. I've also kept in mind that this was a landlord policy and that Ms S and Mr W wouldn't necessarily have been impacted in the same way as an occupant.

However, I haven't seen sufficient evidence to suggest that the level of distress and inconvenience they incurred would warrant compensation. Using financial services isn't always going to be free from hassle and inconvenience, and there is a certain amount of disruption to daily life which is to be expected as a landlord. So I'm not persuaded that just because UKI made mistakes in its handling of this claim, that it should pay compensation on top of covering Ms S and Mr W's direct loss.

It follows therefore, that I see no reason to depart from my provisional findings as set out above, which now form part of this, my final decision.

Putting things right

U K Insurance Limited should now pay Ms S and Mr W £836.40, and interest on this amount at a rate of 8% simple per annum from the date they paid this cost until the date of settlement.

My final decision

My final decision is that I uphold this complaint and I direct U K Insurance Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S and Mr W to accept or reject my decision before 11 May 2026.

Ifrah Malik
Ombudsman