

complaint

Mr R complains about Great Lakes Reinsurance (UK) SE's handling of his claim under a home emergency insurance policy.

background

Mr R made a claim on 15 December 2014, when his boiler broke down. Great Lakes attended the following day and told him that parts were needed (thermocouple, overheat exchanger/hi stat limit and spark ignition) but it might be difficult to get them, due to the age of the boiler. On 19 December 2014, Mr R was told that the heat exchanger and spark ignition were unobtainable.

Mr R arranged for a private engineer to attend on 7 January 2015. This engineer said three replacement parts were needed (thermocouple, fan and hi stat limit), at a cost of £416 including labour. Because of the age of the boiler, Mr R decided to replace it. I understand this was done on 23 January 2015.

Mr R made a complaint as he is unhappy that Great Lakes provided cover for his boiler when it must have known that parts were "probably not," available. Because of this, he says he and his family were left without heating over Christmas.

Great Lakes says that both engineers determined that the boiler was beyond economic repair ("BER") and so it has acted in line with the policy terms. The policy provides for a small contribution towards the cost of a replacement boiler, in the event the boiler is determined to be BER and it has offered this to Mr R. It's not clear if this has already been paid though.

Mr R wants Great Lakes to pay him a total of £766, which consists of the £416 it would have cost him to repair his boiler and compensation for the 35 days he was without heating.

One of our adjudicators looked into the case and recommended it should be upheld in part. He thought Great Lakes should pay Mr R the amount that the spare parts (which were apparently available after all) would have cost, i.e. £341.

The adjudicator also thought that Great Lakes should reimburse the premiums Mr R paid after 19 December 2014, as he couldn't have made a claim under the policy after that point; and recommended that Great Lakes pay £200 compensation for the time Mr R was without heating. He thought that Great Lakes should have been able to source the parts and repair the boiler.

Mr R didn't agree and has made the following points:

- Great Lakes declined the claim initially because it said it couldn't get all the parts. It was only later that it mentioned BER. In any case the policy doesn't say what an economic repair would be.
- At least one of the parts could have been obtained fairly easily on the internet.
- His own engineer diagnosed a completely different problem and explained precisely how he came to the conclusion he did, unlike Great Lakes' engineer.

- Great Lakes said the spark ignition needed to be replaced, which he knows is wrong because he tried on several occasions to light the boiler (being successful on the odd occasion only for it to go out soon after).
- If a spark ignition was required his engineer would have realised this.
- There are two different opinions of what was wrong with the boiler. His engineer's opinion must carry more weight, bearing in mind how he explained his diagnosis in detail.
- The policy allows Great Lakes to determine whether the boiler is beyond economic repair, which gives it free reign to avoid a claim
- Great Lakes was aware the boiler was over 20 years old (although the certificate of insurance shows 10).
- Bearing in mind the age of the boiler and the contractor's comments regarding parts, why was cover offered at renewal and premiums collected when Great Lakes obviously knew parts were probably not available and so leaving him without heating?
- The service received was appalling. It obviously could not be bothered to try to obtain parts having taken his premiums.

Great Lakes also didn't agree. It says:

- Just because Mr R has found some parts available doesn't mean they were generally available. The manufacturer told it that the parts were obsolete.
- Mr R didn't tell it that he wasn't satisfied with the engineer's advice. If he had, it would have sent another engineer for a second opinion.
- He decided to replace the boiler anyway, presumably because it wasn't cost effective to repair it.
- Both engineers determined it was beyond economic repair, either because parts weren't available or were too expensive.
- Both engineers agree that a thermocouple and hi limit stat were required. Mr R's engineer also states that a fan part is required whereas its engineer said a spark ignition was required.
- It questions why the adjudicator is discounting its engineer's findings?
- The evidence suggests that the boiler was working intermittently. Mr R said he could restart it but it wouldn't stay on. There was a period of four days from the time it told him it couldn't cover the repairs and Christmas when he could have called an engineer, and the period between Christmas and New Year when he could have arranged an engineer. It doesn't therefore think it's responsible for any time that he was without heating or hot water.

As the matter couldn't be resolved, it has been passed to me.

my findings

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

Both Mr R and Great Lakes appear to want me to determine which engineer was correct in his diagnosis. I don't think it is necessary for me to do so, in order to determine the fair and reasonable outcome of this complaint.

Mr R's engineer diagnosed that three replacement parts were needed and were available. Two of these parts were also said to be needed by Great Lakes' engineer. Mr R has also provided evidence that the spark ignition Great Lakes' engineer said was needed was also in fact available. The three parts said to be needed by Great Lakes' engineer were all apparently under £20 each. It therefore seems unlikely to me that the boiler would be properly deemed BER for these three parts.

The fan that Mr R's engineer said was also needed was more expensive. However, there's no persuasive evidence that this would have made the boiler BER. Mr R may have decided it was more economical in the long-term for him to replace it but this is not necessarily the same as it being BER.

Great Lakes also says Mr R must have accepted that the boiler was in need of replacement, otherwise he'd have repaired it instead of replacing it. However, the boiler appears to have been repairable. Great Lakes' engineer said it was repairable – it only didn't do so because it thought it couldn't get the parts. Mr R made a decision to replace it instead but I don't think that means that Great Lakes would have been able to decline to repair it.

For this reason, I agree with the adjudicator that Great Lakes should make a payment to Mr R as compensation for not carrying out the repair that should have been done under the policy.

I also consider that some compensation is appropriate for the fact this caused Mr R to be without a working boiler for some time. I don't agree to the entire time was solely as a result of Great Lakes, however.

I don't, however, agree with the adjudicator that the compensation should be based on the cost of the parts quoted for by his own engineer. Mr R didn't have the repair carried out and Great Lakes initially would have carried out the repairs its engineer said were required (at a lower cost) and this may have resolved the problem.

I think that a global figure for compensation - to take account of the incorrect decision to decline to repair, when the parts do appear to have been easily obtainable; the delay this caused in restoring heating and hot water and the time taken to reach its decision after the original claim (four days) – is more appropriate. This all happened shortly before Christmas and at a very cold time of year; I think at least two weeks of the time without a working heater can be attributed to Great Lakes. And even if it worked intermittently – which seems doubtful – this would have caused considerable inconvenience. It is difficult to get heating engineers out at such a time and Mr R had taken this policy out in order to avoid having to do so. In my opinion, total compensation of £550 is appropriate in this case.

Mr R also says that Great Lakes shouldn't have offered him cover at each renewal, as it would have known there would be some difficulty getting parts in the event of his boiler breaking down. I don't agree that the policy shouldn't have been renewed. As Mr R has shown, a number of parts for his boiler were still available and also some repairs can be carried out without parts being replaced.

my final decision

I uphold this complaint in part. Great Lakes Reinsurance (UK) SE should pay Mr R £550 compensation for the stress and inconvenience caused by its handling of his claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 April 2016.

Harriet McCarthy
ombudsman