

complaint

Mrs P complains that the claim she made under her HomePlan insurance policy was handled poorly by Society of Lloyd's.

background

Mrs P's policy covered apparatus providing important services to and in her home, including the central heating system and boiler and the water and gas supply pipes. The cover was against "impairment". Mrs P made a claim as her boiler was faulty. Lloyd's arranged for engineers to work on it, but Mrs P said it remained unusable for more than two months. She said that, as a result, her home was without heating and hot water, although Lloyd's supplied two fan-heaters for her to use late in the claim. She said damp and mould developed because of the lack of heating. Eventually, Lloyd's said it wasn't economically feasible to repair the boiler, and its age meant the policy didn't cover the cost of a replacement. Mrs P had to pay for this herself.

Lloyd's said it had been difficult to locate and obtain necessary parts, and the delay this caused was outside its control. But it agreed some delays were avoidable. So, it paid £350 as compensation for distress and inconvenience.

Our adjudicator thought Lloyd's should have realised the boiler couldn't be repaired earlier than it did. His view was that it should pay an additional £250 compensation. And it should pay £400 towards the cost of the replacement boiler. Lloyd's disagreed. It said nothing was payable towards the replacement cost as the original boiler was more than 10 years old when Mrs P made the claim. And it thought another £250 as compensation was disproportionate.

my findings

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

I agree with the adjudicator that it was unreasonable for Mrs P to have been left without heating and hot water for as long as she was. Lloyd's was told early in the claim that fitting the parts that had been identified as needed might not resolve the boiler's problems. And mid-way through the claim the engineer warned Lloyd's it could be beyond economic repair. Over the following week, it was told it would be better to replace the boiler and then that that was the engineer's recommendation. But Lloyd's persisted with the attempt to repair it for around another month.

My view is that Lloyd's should have taken the decision to treat the boiler as unrepairable earlier than it did. Although Mrs P made the claim in late summer when it may not have been necessary to use the heating, I think the loss of the water heating facility is likely to have caused inconvenience and/or discomfort. And by the time Lloyd's gave up on trying to repair the boiler, I think it's likely the lack of heating will have made living in Mrs P's home uncomfortable. If it had told her earlier in the claim that she should replace the boiler, some of the discomfort may have been avoided. In all the circumstances, I agree with the adjudicator that an additional £250 compensation is reasonable.

The evidence indicates that the boiler was installed approximately nine years before "*the Initial Policy Start date*". The policy said Lloyd's wouldn't supply a replacement boiler if the

existing one was more than seven years old when the insurance was first taken out. But it also said *“At the Initial Policy Start date if your boiler is more than 7 years but less than 10 years old we will pay a contribution of up to £400 for boiler replacement in any policy period”*. So, I think it's clear that Lloyd's should have offered to make a payment under this part of the policy.

Although Lloyd's doesn't agree with my interpretation of the words I've quoted, it's now agreed to pay £400 towards the replacement cost. I award interest where, as a result of the insurer's actions, the complainant has been without the use of money. So, I think interest should be added to this sum.

my final decision

I uphold this complaint. My decision is that Society of Lloyd's should pay Mrs P £400 plus interest¹ on that sum. The interest should be calculated at 8% pa simple from 1 November 2016 to the date of the payment. Society of Lloyd's should also pay Mrs P an additional £250 as compensation for distress and inconvenience.

It must pay these sums within 28 days of the date when we tell it Mrs P accepts my final decision. If it pays later than this it must also pay interest at 8% pa simple on the compensation of £250, from the date of my final decision until the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 24 April 2017.

S Lilley
ombudsman

¹ HM Revenue & Customs requires Society of Lloyd's to take off tax from this interest. Society of Lloyd's must give Mrs P a certificate showing how much tax it's taken off if she asks for one.