

complaint

Mrs B (through her partner Mr N) complains that Amtrust International Underwriters DAC is responsible for mishandling her claim under a home emergency insurance policy.

background

Mrs B had an annual policy that covered her central heating boiler. The annual renewal date was 11 December. From that date in 2017 the policy cost included £63.00 for an annual service. It was a term of the policy that Mrs B should have the annual service through Amtrust. So I'm satisfied that the service was ancillary to the insurance policy.

The policy also covered repairs – subject to the policy terms. In particular there was an exclusion of repairs or replacement of a heat exchanger more than seven years old. And there was a claims limit of £1,000.00. There was an exclusion where the boiler was “beyond economic repair” (“BER”).

Amtrust was the insurer responsible for dealing with claims. Where I refer to Amtrust or the insurer I include its administrator, contractors, engineers and any others for whose actions I hold Amtrust responsible.

In March 2018, Amtrust said Mrs B's boiler was BER because it needed a new heat exchanger, pressure release valve, fan, diverter valve and expansion vessel. Mr N complained that the insurer hadn't serviced the boiler properly in previous years and was unfairly saying it was BER. He suggested that he and Mrs B would pay to get the heat exchanger replaced and Amtrust should then do the other repairs.

In its final response letter on 15 May 2018, Amtrust advised Mrs B against paying for a new heat exchanger which it said would cost about £670.00 excluding installation. But Amtrust said as follows:

- If Mrs B paid for a new heat exchanger to be supplied and fitted to the satisfaction of the boiler manufacturer, Amtrust would consider carrying out other repairs to the boiler.
- If it cancelled the policy at the end of May 2018 and didn't do the next annual service, it would refund the cost of £63.00.

In a follow-up letter on 24 May 2018, Amtrust said that it would only authorise further repairs if the new heat exchanger was supplied and fitted to the satisfaction of the boiler manufacturer.

Mrs B and Mr N didn't accept Amtrust's offer. He brought her complaint to us in October 2018.

Our investigator didn't recommend that the complaint should be upheld. He didn't think the engineers should've done more to identify problems and carry out repairs during the annual services. He thought Amtrust's offer was reasonable.

On behalf of Mrs B, Mr N disagreed with the investigator's opinion. He says, in summary, that:

- The boiler services should've followed the manufacturer's guidance.
- The policy expired in December 2018 and Mrs B didn't renew it.

Amtrust agreed with the investigator's opinion. But it says, in summary, that:

- On 15 October 2018 it wrote to Mrs B inviting her to ring to arrange the annual service visit. She didn't respond. No annual service was completed in the policy year that ended on 10 December 2018 when the policy lapsed.
- In line with the response to the complaint the policyholder is entitled to a refund of what she paid in the policy year (£63.00) for the annual service visit.

my findings

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

From the insurer's records, I find that Mrs B's boiler had been installed in December 2007.

The policy didn't cover repairs if the boiler was BER, that is if any of the following alternatives applied:

"The point at w/which parts are no longer available to repair Your boiler or an Authorised Contractor estimates that:

- *Your boiler has reached the end of its serviceable life (based on age and condition) and/or*
- *the cost to repair Your boiler exceeds its current or replacement value and/or*
- *the cost to repair Your boiler exceeds the claim limit"*

The claims limit was £1,000.00 including VAT.

Some other policies provide a payment (typically £250.00) if a boiler is BER. But Mrs B's policy didn't cover such a payment.

And the policy didn't cover any cash payment in lieu of repairs to the boiler.

I've seen the reports from the annual services in 2016 and 2017. They show that the engineers were satisfied the boiler was working correctly.

I have no reason to doubt the statement of Mr N that he and Mrs B told the engineers that the boiler fan was noisy. But Mrs B could've contacted the insurer at any time to look at the fan. As there's no evidence that she did, I don't find that Amtrust had missed a fan problem on the annual services.

Mrs B had problems with the boiler in March 2018. But that isn't enough to persuade me that there was anything wrong with the services in previous years. And Mr N hasn't shown us the manufacturer's guidance or shown any examples of failure to follow such guidance.

Even if Amtrust failed to follow such guidance, there's no technical evidence that such failure caused the need for any of the list of necessary replacement parts.

There's no evidence that anyone had replaced the heat exchanger since 2007. As the policy didn't cover repair or replacement of a heat exchanger more than seven years old, it didn't cover the heat exchanger in Mrs B's boiler. Mr N recognised that the policy wouldn't cover a replacement heat exchanger. And I can see his thinking that Amtrust should've disregarded the cost of that – which it indicated was £670.00.

Instead Amtrust's engineer included it in his calculation that the cost of all the necessary parts to repair to the boiler would be £1,371.63.

But the policy wording quoted above includes the words "*the cost to repair Your boiler*". And I'm satisfied that the normal meaning of those words includes the cost of the heat exchanger even though it wasn't covered by the policy.

In any event the estimated cost of £1,371.63 didn't include labour to remove the boiler, fit the parts and put the boiler back.

So I'm satisfied that the cost to repair the boiler exceeded the claims limit of £1,000.00. I keep in mind the age of the boiler and the list of necessary replacement parts. So I do not find it unfair that Amtrust said that the boiler was BER.

Further, Amtrust tried to deal with Mr N's suggestion about replacing the heat exchanger. I don't find it unfair or unreasonable that it made it clear that if Mrs B insisted on paying for a replacement heat exchanger, Amtrust would need to see evidence of the new one and its professional installation before it would do any other repairs

Mrs B didn't pursue that. I think that at some stage she got a new boiler installed but didn't tell Amtrust.

The policy didn't provide for cash in lieu of repairs. So I don't find it fair and reasonable to order Amtrust to pay Mrs B what it would've paid (hypothetically) for other repairs if she had paid for a new heat exchanger for the old boiler.

Mrs B had a new boiler. And I think that's why she didn't get Amtrust to do an annual service in 2018 and didn't renew the policy from December 2018.

In response to the investigator's opinion, Amtrust confirmed its offer to refund £63.00 for the service it didn't do in 2018. At the investigator's request, Amtrust sent Mrs B a letter and cheque in mid-January 2019.

Overall I don't find it fair and reasonable to order Amtrust to make any further payment to Mrs B or to do anything further in response to this complaint.

my final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Amtrust International Underwriters DAC to do anything further in response to Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B (or Mr N on her behalf) to accept or reject my decision before 7 June 2019.

Christopher Gilbert
ombudsman