

complaint

Mr W complains that U K Insurance Limited mishandled his claim under the home emergency section of his home insurance policy.

background

Mr W lives with his wife. He has said they each work from home on a regular basis

The home emergency section covered repairs to their central heating boiler. But it didn't cover repairs to a boiler that was beyond economic repair ("BER"). It provided as follows:

*"If we find out **your** boiler is beyond economic repair, we will pay £250 towards the cost of a new one."*

UKI was the insurer responsible for dealing with claims. Where I refer to UKI I include other companies and individuals insofar as I hold UKI responsible for their actions.

This final decision names UKI. It doesn't name any other company or individual.

Mr W's boiler stopped working on about 1 March. But instead of contacting UKI, he contacted an unrelated company, which I will call "the other company". It visited and – on about 2 March – installed a new boiler. At that stage Mr W contacted UKI. He complained that UKI wouldn't pay him £250.00.

our investigator's opinion

Our investigator recommended that the complaint should be upheld. She didn't think the insurer had dealt with Mr W's claim in a fair and reasonable way. She recommended that the insurer should:

1. pay Mr W's claim; and
2. pay 8% interest from the date the claim was payable to the date of settlement; and
3. pay Mr W £50.00 compensation for the trouble and upset caused.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr W and to UKI on 14 January 2020. I summarise my findings:

Mr W's delay in reporting to UKI negatively affected UKI's position such that it wasn't unfair for UKI to decline to pay the £250.00.

I wasn't satisfied that the old boiler was BER as defined by the policy.

Subject to any further information from Mr W or from UKI, my provisional decision was that I wasn't minded to uphold this complaint. I didn't intend to direct U K Insurance Limited to do any more in response to this complaint.

UKI had nothing to add in response to the provisional decision.

Mr W disagrees with the provisional decision. He says, in summary, that:

- The old boiler was fitted in 1991; it was coming up to thirty years old.
- Most boilers have a life expectancy of 15 to 20 years.
- The policy – a legal document – stated as follows:

“If we find out your boiler is beyond economic repair, we will pay £250 towards the cost of a new one.”

- Mr W and his wife work long unsocial hours. Fortunately the other company could assess and fit the boiler in days and on a date he was available.
- The other company is a reputable company with qualified engineers. It assessed the boiler and stated it was BER. Mr W had no reason to doubt that finding.
- When the other company arrived the boiler was attached to the gas, water and central heating system.
- Mr W phoned UKI. He offered UKI the chance to speak to the other company. And he asked that company to keep the old boiler at his home for a month so that UKI could verify its age. UKI declined. But UKI did “find out” his boiler was BER.
- His claim has never been for spare parts, repair, or cost of a new boiler.
- The decision depends on which aspect of the policy document is judged to be most relevant and applicable to this case.

my findings

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

Policy terms

The UKI policy terms included the following:

“Heating

We will pay for emergency assistance needed if the main source of heating in your home fails.

If we find out your boiler is beyond economic repair, we will pay £250 towards the cost of a new one.

× We won't pay:

...

- to repair a boiler that is **beyond economic repair**
- to replace **your main source of heating**

...

X We won't pay for:

...

- the cost of work carried out by anyone except the **authorised repairer we have sent...**

Asking for emergency assistance

If an **emergency** happens that may need an **emergency assistance call out**, you must contact **us** straight away on **0345...**"

I'm satisfied that Mr W's boiler was his "**main source of heating**" as defined in the policy.

I see that "**emergency assistance**" is defined as follows:

*"Work carried out by an **authorised repairer or suitably qualified repairer** to temporarily or permanently deal with an **emergency**, carry out **emergency repairs** or prevent further damage."*

So "**emergency assistance**" means work carried out.

The policy said the insurer wouldn't replace the main source of heating. Rather it would – if it found out the boiler was BER - pay £250.00 towards the cost of a new one. So I find that the £250.00 would be a financial contribution rather than "*work carried out*" or "*emergency assistance*".

Therefore I don't find that the £250.00 contribution could be affected by the terms relating to "*work carried out*" or "*emergency assistance*".

However, the policy terms also included the following:

"Claims conditions

...

Reporting claims

When **you** find out about anything **you** need to claim for, or may need to claim for, **you** must tell **us** as soon as possible.

If you don't follow our claim conditions, and this negatively affects our position:

- **we** will reject **your** claim or be unable to deal with it, or
- **we** will not pay **your** claim in full."

So the claims conditions about reporting claims mean that where, for example, delay in reporting a claim prejudices UKI's position, it may reject the claim or not pay it in full. The claims conditions about reporting claims apply to claims that would otherwise succeed. That includes claims that UKI had found out that the old boiler was BER.

The UKI policy defined BER as follows:

*"When the cost of repairing **your** boiler exceeds 85% of the manufacturer's current retail price (or if this is not available, the average current retail price available through leading UK suppliers) for a boiler of the same or similar make and model to **your** boiler."*

In other policies I have seen different definitions of BER.

What happened

I accept Mr W's statement that the old boiler was fitted when the house was built in 1991. I have noted the make and model of the old boiler.

In 2019 Mr W had a boiler breakdown. That was an event for which he might have (and did) have a need to make a claim on UKI. But he called in an engineer from the other company that was nothing to do with UKI. He only contacted UKI on the day the other company was replacing his boiler. So I'm not satisfied that he told UKI about his claim as soon as possible.

In my view his delay in reporting to UKI had the effect that it could no longer send an engineer to look at the old boiler while it was still connected to gas, electricity and the central heating system.

Further, Mr W didn't provide UKI (and still hasn't provided us) with enough evidence to show what had been wrong with the old boiler, what spare parts it needed, the cost of repairing it or the retail price of a similar make and model. Without such information I can't say that the old boiler was BER as defined by the policy.

I consider that Mr W's delay in reporting to UKI negatively affected UKI's position such that it wasn't unfair for UKI to decline to pay the £250.00. And I'm not satisfied that the old boiler was BER as defined by the policy.

For these reasons I don't find it fair and reasonable to direct UKI to pay Mr W £250.00 or to do anything further in response to his 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 U K Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 29 February 2020.

Christopher Gilbert
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