

## **complaint**

Mr P complains about the service he received from the Society of Lloyd's under his home emergency insurance policy.

## **background**

Mr P reported a problem with his central heating.

An engineer attended on behalf of Lloyds and concluded parts had been damaged by sludge and scale in the system. So, Lloyds declined to cover Mr P's claim because damage caused by sludge and scale isn't covered under his policy.

Mr P arranged for a private engineer to carry out a water test on his heating system. This found the water was clear.

Mr P complained to Lloyds and, being unhappy with its response, he complained to this service.

Our adjudicator thought Mr P's complaint should be upheld.

Lloyds disagreed with the adjudicator's conclusions, so the matter's been referred to me to make a final decision.

## **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've decided to uphold Mr P's complaint and I'll explain why.

Mr P says the diagnosis by the engineer who attended on behalf of Lloyds was wrong. And it wasn't supported by any objective evidence, such as water sampling. He says he commissioned a water sampling procedure and report from a private engineer. And it showed there wasn't sludge in his heating system. So, Mr P says Lloyds should reimburse him what he paid a private engineer to repair his boiler. And it should compensate him for the stress and inconvenience he says it caused him over a period of four months.

Lloyds says its engineer's report is very clear and unambiguous that the cause of the damage was sludge and scale. And it says an engineer also attended on behalf of the boiler manufacturer and diagnosed a blockage in the condensate trap. So, it says this indicates there was sludge in the system. Lloyds also says it acknowledges its engineer had wrongly diagnosed the cause of damage to one part, which should've been covered under Mr P's policy. So, it's refunded him the cost of replacing this part. And it's paid him £30 compensation, as a gesture of goodwill.

I see the initial diagnosis by the engineer who attended on behalf of Lloyds was that the damage was caused by sludge. But I also see this diagnosis was later acknowledged to have been wrong as regards one of the parts which needed replacing.

The same engineer then carried out the repairs on a private basis for Mr P. And he made no mention of sludge in the report details on his invoice. I see this was what led Mr P to arrange

for water testing by an independent engineer, whose report concludes the system was clear of magnetite contamination and no further action was needed.

I note Lloyds says its engineer later confirmed his initial diagnosis of sludge during a phone call, but I haven't seen a written record of this conversation. Lloyds also says the fact that the condensate trap was found to be blocked, when an engineer attended on behalf of the boiler manufacturer, supports the diagnosis of sludge as the cause of the damage to the parts in question. But I don't think that necessarily follows, even assuming the cause of the blockage in the condensate trap was sludge.

I think the report by the engineer who carried out water sampling is persuasive expert evidence that the damage to the parts which needed replacing was unlikely to have been caused by sludge and scale in Mr P's heating system.

So, on balance I think the repairs should've been covered under Mr P's policy. And I think it's reasonable for me to ask Lloyds to reimburse Mr P the money he paid a private engineer to carry out these repairs, provided he gives it the receipt. And to pay him interest on this money. I also think it's reasonable for me to ask it to pay Mr P a total of £100 compensation for the trouble and upset he's experienced as a result of its poor handling of his claim.

### **my final decision**

I uphold Mr P's complaint against the Society of Lloyd's. It must pay Mr P the cost of the repairs to his boiler, provided he gives it the receipt for this work. And it must pay him interest at a gross annual rate of 8% simple from the date he paid for the repairs until the date Lloyds reimburses him\*.

Lloyds must also pay Mr P a total of £100 compensation for the trouble and upset he experienced as a result of its poor handling of his claim, including any compensation it's already paid him.

\*If Lloyds considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr P how much it's taken off. It should also give Mr P a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 November 2016.

Robert Collinson  
**ombudsman**