

complaint

Ms D complains about problems she had when she tried to claim on her boiler insurance policy with Domestic & General Insurance Plc (D&G).

background

Ms D's boiler wasn't working properly so she contacted D&G. Ms D was referred to its approved repairer (AR). Ms D says the AR told her it hadn't dealt with that model for years and she wasn't covered.

Ms D called D&G. It couldn't get through to its AR, so told her she could call out her own engineer instead. D&G said if the repair cost £200 or less she could pay for it and claim this back by providing an invoice. But, if it was more than £200, she'd need to contact D&G's claims department.

During the call Ms D said the policy wasn't appropriate for her, as it doesn't cover her boiler. D&G said it does cover her and it has given her the option to '*pay and claim*', but it would raise a complaint about whether the policy was right for her.

Ms D organised for an engineer to inspect her boiler, which D&G has paid for. The engineer's report says the boiler was at risk. It had a fault, which couldn't be fully checked, as the burner tray couldn't be removed due to a mangled nut. It said functional parts weren't available, the appliance wasn't safe and the fuse carrier was damaged on the boiler isolation. Ms D says she went for a replacement boiler based on this, costing her £4,102. She thinks D&G should pay towards this.

D&G sent Ms D its final response letter, which she says she didn't receive. This said she'd been given wrong information by the AR and it offered to pay her £25 in compensation for this. Following this, Ms D wrote to D&G saying she'd cancelled her direct debit and asking what the £25 in her account was for. D&G didn't respond and reinstated the direct debit, taking two more monthly premium payments. Ms D says she had to cancel the direct debit with her bank again. D&G said it doesn't know why it didn't respond to Ms D's letter, but that it was possibly due to a cross-over with the post. And it has since refunded the two premiums it mistakenly took.

Ms D complained to our service. Our investigator said Ms D hadn't sent the invoice D&G needed for it to consider her claim, so it wasn't obliged to meet it. And that D&G's payment of £25 compensation made up for the service failings.

Ms D asked for an ombudsman to review the complaint. She said she'd like D&G to pay the policy limit for her boiler. Ms D says by the time the engineer attended her boiler it sounded like it might explode and wasn't heating water or radiators anymore. She says the engineer told her he couldn't remove the burner tray, as if he did the boiler would stop and wouldn't be repairable. Ms D also says he told her to get a new boiler, as her's was old and beyond repair.

D&G says the engineer's report isn't enough to show she has a valid claim under the policy. It doesn't say why the boiler was written off. And, if the burner tray couldn't be removed due to, for example, corrosion the claim might not be covered. D&G said it hasn't been able to speak to the engineer that attended for data protection reasons. And it wasn't an engineer from D&G that attended, so it's not responsible for his actions.

This complaint was passed to me for a decision. I didn't agree with our investigator and felt the complaint should be upheld. So I issued a provisional decision. In that decision, I said:

Ms D's policy terms and conditions say D&G "will always (subject to the terms and conditions of this policy) repair your product, unless we cannot repair it; we cannot obtain the spare parts to repair it; the repair cost would exceed the cost of the current purchase price of a new product; or repairing it would exceed the policy limit (see claims limit above);..."

It goes on to say: "the most we'll pay in total for repairs and/or towards a replacement for the product is £1,500."

When Ms D spoke with D&G, it clearly explained what cost of repairs she could have carried out without its authorisation. So when Ms D knew it was going to cost her more than this I think she should have understood she needed to get in touch with D&G's claims department in the way it asked her to, before going ahead with the replacement.

But I think Ms D's still thought her boiler wasn't covered by D&G after this call. So, while D&G had told Ms D she was covered, I think its AR's mistake was still impacting on Ms D, causing confusion. And it seems likely this is why Ms D didn't contact D&G's claims department before having her boiler replaced.

I've taken into account that if Ms D had done this D&G might have been able to get more information from the engineer or see if its AR could attend with a view to repairing the boiler. Especially, as the policy terms say D&G will always do a repair if it can. But D&G missed its chance to see if the boiler was repairable itself when its AR wouldn't go to Ms D's property and gave her incorrect information. And it's unlikely D&G will be able to get clarification from her engineer now given the time that's passed.

So because of the lack of information in the report, I need to make my findings on the basis of what I think is most likely. And I think the information available is enough for me to say it's fair and reasonable for D&G to pay Ms D's claim. The engineer's report shows the boiler problem was more than just not being able to remove the burner tray to find the fault. It also said the boiler wasn't safe, parts aren't all available and a fuse carrier was damaged. So it seems to me it was very unlikely the boiler could be repaired.

I've thought about what D&G said about the claim not being covered if the burner tray couldn't be removed due to, for example, corrosion, but the engineer has said the tray couldn't be removed due to a mangled nut.

If the boiler could've been repaired or parts obtained to fix it – or if the burner tray could've been removed in a way it could be refitted or replaced without impacting on the boiler – I would've expected the engineer to do that or say this in their report. As he didn't, I think it's most likely the boiler was beyond repair. And I think it's fair to rely on the engineer's report, as he's an independent expert. Ms D's testimony about what the engineer said supports that the boiler was beyond repair. It was reasonable for Ms D to rely on what he told her, considering she wasn't given the option of D&G's AR attending instead. That D&G's AR told Ms D it doesn't cover her boiler model and hasn't for years also suggests functional parts might no longer be available, in the way the engineer said.

Taking everything into account, I think it's most likely Ms D's boiler couldn't be repaired and parts weren't available. This is enough to satisfy the policy terms, so D&G should pay Ms D's claim. And it also means the fact Ms D didn't contact D&G before having her boiler replaced hasn't prejudiced its position. That is – if it had sent one of its own engineers or approved repairers, I think it's most likely they too would've concluded the boiler had to be replaced. And this, along with the fact the policy provides cover for a replacement boiler up to a limit when a boiler can't be repaired, means I think it's fair and reasonable for D&G to pay up to limit in this particular case.

The policy limit is £1,500. The policy says D&G can pay this in cash or vouchers. But, as Ms D has already paid for her new boiler, D&G should pay her cash. The policy allows for D&G to deduct any unpaid premium for the remainder of the policy term. If there are any premiums remaining unpaid on this policy, D&G may deduct this from the £1,500 policy limit.

Finally, I've considered Ms D's comments about the service she's received. D&G has recognised its AR gave Ms D incorrect information. And it put this right by reassuring her cover was in place and offering for her to 'pay and claim'. D&G also made reasonable attempts to contact its AR to find out why it'd told Ms D what it had.

However, D&G didn't respond to Ms D's letter telling it she'd cancelled the direct debit and asking what the £25 was for. It also incorrectly reinstated her direct debit, which meant Ms D had to send another letter and get in touch with her bank to cancel payment again. I think this caused Ms D frustration and inconvenience. To make up for this, I currently think D&G should pay her a further £75 compensation, on top of the £25 already paid.

I asked both parties to respond before I issued my final decision. Ms D agreed with the decision. D&G didn't dispute the findings, but asked for clarification on what it was expected to pay 8% interest on, and explained it wouldn't be able to provide an interest certificate.

The case has now come back to me to issue 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.

As neither side has made any substantial objections to the findings I made in my provisional decision, I see no reason to depart from the conclusions, and for the reasons I gave in my provisional decision above. So I'm going to tell D&G to pay Ms D's claim and pay further compensation of £75.

D&G has asked for clarification on what it should be paying 8% interest on. This should be the policy claim limit (which I understand to be £1,500) less any remaining premiums due from the date Ms D paid for the new boiler until the date it pays her the settlement.

I've also noted D&G's comments that it can't provide a tax certificate for Ms D. This is something it's required to do, and is quite standard within decisions we issue. I've never had a business tell me it can't do so before. If D&G has a problem with issuing this certificate, and Ms D requests one, I'd suggest it speaks with its legal department about its obligations here.

my final decision

For the reasons above, I uphold this complaint and require Domestic & General Insurance Plc to:

- Pay Ms D's claim for the maximum benefit available under the policy in line with remaining terms and conditions less any unpaid premiums.
- Pay interest on the above amount due to Ms D at 8% per annum simple from the date Ms D paid for her boiler to be replaced to the date it makes the payment. If D&G considers it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Ms D how much it's taken off. It should also give Ms D a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.
- Pay Ms D a further £75 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 30 June 2019.

Rob Deadman
ombudsman