

complaint

Miss W complains that Acromas Insurance Company Limited (“Acromas”) has declined to cover the cost of repairs to her heating system under her home insurance policy.

background

Miss W had home emergency insurance with Acromas as part of her home insurance policy. She had this policy since at least March 2014. There are three levels of cover available under this policy. Miss W had “Complete Home and Heating Care”, which is the highest level of cover.

In June 2015 Miss W made some extensions to her house. In October 2015 she experienced a problem with her boiler which kept cutting out. She contacted Acromas for a repair. Acromas’ records show that its engineer identified a number of installation errors within the system. It says that the boiler was now undersized because of the additions that had been made to Miss W’s property, and this was causing the boiler to overheat and cut out. It considered that Miss W’s system wasn’t to British standards. It referred to one of the terms of her policy that states that her policy won’t cover:

“Any claim relating to the failure of equipment or facilities which is as a result of them being incorrectly installed, repaired or modified, or which is caused by a design fault which makes them inadequate or unfit for use, or any boiler which has not been correctly installed to British Standards”.

Miss W says that Acromas had never previously brought to her attention that there were design problems with her system. Acromas says it inspected Miss W’s system in March 2014. Some parts were fitted, and the system then passed its inspection. Acromas carried out a boiler service in March 2015 which appeared to leave the boiler operating properly. No design problems appear to have been identified on either occasion.

In November 2015 Miss W called Acromas again because she had a leak from the water tank in her loft. Acromas’ engineer identified that the problem was with the thermostore. Acromas declined to repair or replace this and referred to a term of Miss W’s policy that excludes cover for “*radiator valves, hot water cylinders and immersion heaters*”. Miss W argued that a thermostore wasn’t covered by this exclusion as it isn’t a cylinder. Acromas has confirmation from the company that makes thermostores that they are cylinders. So Acromas maintains they fall within the policy exclusion.

Miss W wants to be compensated for the cost of replacing her boiler, for the time she’s spent in emailing and phoning Acromas, and for the anxiety and upset she’s been caused by Acromas’ unwillingness to settle her claim. Acromas has offered Miss W a refund of the £182 premium she paid for her policy. Miss W isn’t accepting this as she thinks to do so would be to agree that Acromas is correct. She’s referred her complaint to this service.

Our adjudicator didn’t think that Acromas had done anything wrong. Miss W isn’t satisfied with the adjudicator’s opinion and has asked that the matter be considered by an ombudsman.

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'm going to uphold Miss W's complaint in part, and I'll explain why.

I've looked at Acromas' system notes following its engineer's visit in October 2015 and can see that they record a number of installation or design failings within Miss W's heating system. If these existed before Miss W extended her house, they weren't identified either by the inspection in March 2014 or at the service in March 2015. In the absence of any evidence to the contrary, I think it's likely that the problems arose as Acromas suggest, namely because when Miss W extended her house in June 2015, the original heating system became inadequate without being modified.

I've taken into account what Miss W has said in response to my provisional decision, but she hasn't offered any evidence that contradicts the opinion of Acromas' engineer that the system wasn't to British Standards. So I remain persuaded that that was the case. Consequently I don't think Acromas is acting unfairly or unreasonably in referring to the exclusion in Miss W's policy that I've quoted above to decline to undertake further work on her boiler.

Turning to the problem with Miss W's thermostore, I'm satisfied with the evidence that a thermostore is a cylinder. But I don't agree with Acromas' assessment of Miss W's cover under her policy. I've looked at Acromas' records and see that when declining her claim it refers to page 18 of her policy document. This says that there is no cover for the repair or replacement of cylinders. But page 18 relates to cover provided by "Home and Heating Emergency", which is a lower level of cover than the cover Miss W had. She had "Complete Home and Heating Care" which expressly includes "*Repairs to radiator valves, hot water cylinders and immersion heaters if not beyond economic repair*". The replacement of hot water cylinders is expressly excluded by the policy.

I haven't seen any evidence that Acromas gave any consideration as to whether Miss W's thermostore was capable of being repaired, in which case I think Acromas should've repaired it, or whether it was beyond economic repair, in which case it would be excluded. Acromas has simply said that it wasn't covered. Ms W says that a new thermostore would've cost her £1,482.

So my overall opinion is that in relation to Miss W's boiler complaint, I don't think that Acromas has acted unfairly, but in relation to the faulty thermostore, by referring to the wrong section of the policy, and not assessing whether a repair would be possible, I think it has.

Miss W has now replaced her boiler and a thermostore isn't required. She's seeking compensation for the cost of a new boiler and for the inconvenience of being without hot water for two weeks. She also says that she suffered stress and anxiety, and spent a considerable amount of time in communications with Acromas.

I take into consideration that under Miss W's policy, Acromas isn't required to provide a replacement thermostore if the existing one is beyond economic repair. But Miss W's policy provides that if a boiler is beyond economic repair, Acromas will contribute a maximum of £250 towards the cost of a replacement. I consider a fair response in this matter would be for

Acromas to pay compensation to Miss W in the sum of £250 on the assumption that her thermostore was beyond economic repair.

I also think it would be fair and reasonable for Acromas to pay Miss W a further £150 for the stress and inconvenience she experienced following Acromas' failure to refer to the correct part of her policy when considering her claim, and not considering whether her thermostore could be repaired. If it couldn't, I think it would've been fair for Acromas to have contributed to the cost of a replacement in the same way it would've done in the case of a boiler that was beyond economic repair.

my final decision

For the reasons given above, I partially uphold Miss W's complaint.

I require Acromas Insurance Company Limited to pay compensation to Miss W in the total sum of £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 24 October 2016.

Nigel Bremner
ombudsman