



## **complaint**

Mr V complains about Acromas Insurance Company Limited's handling of his home emergency insurance claim, made in relation to a fault with his boiler. All references to Acromas include its administrative agents.

## **background**

In September 2011, Mr V registered a claim with Acromas because his boiler was not working.

An engineer attended the next day and diagnosed that the boiler needed a number of parts. As Acromas calculated that the cost of the parts and labour required exceeded the market value of the boiler, Acromas deemed it to be beyond economic repair.

Mr V asked Acromas whether it would reimburse him if he arranged to have the boiler privately repaired. Acromas refused but said that if Mr V replaced his boiler, he would be entitled under the policy to a beyond economic repair contribution of £250. Mr V subsequently replaced his boiler and Acromas sent him a cheque for £250.

Unhappy, Mr V complained to Acromas, stating that his boiler was repairable. He provided evidence that it had been serviced regularly. Mr V also provided a quote from a private engineer, confirming that he could have repaired the boiler for less than the market value.

Acromas investigated Mr V's complaint and sent him a final response letter in December 2011. Acromas maintained its position that Mr V's boiler was beyond economic repair, but said it had paid him the £250 contribution which he was entitled to under the terms and conditions of his policy.

Mr V remained dissatisfied and brought his complaint to us. Our adjudicator recommended that Acromas should pay Mr V £250 compensation for the distress and inconvenience it had caused Mr V. Acromas did not accept our adjudicator's recommendations.

## **my findings**

I have considered all the available evidence and arguments from the outset in order to decide what is fair and reasonable in the circumstances of this complaint.

Mr V's policy provides cover for up to £2,000 towards the cost of repairs in the event of the failure of his boiler in certain circumstances. However, the policy excludes the following:

“Any repairs if your boiler is, in the authorised insurer's opinion, beyond economic repair. In such circumstances, the authorised insurer will contribute a maximum of £250 towards the cost of you replacing it with a new boiler.”

The terms and conditions of Mr V's policy define beyond economic repair as “When the authorised insurer determines that the cost to repair your boiler will exceed its value”.

So although Mr V's boiler may have been capable of repair, the issue is whether the boiler was beyond economic repair.

The cost of repairing Mr V's boiler, as quoted by Acromas, exceeded the market value of the boiler. From that perspective, Mr V's boiler might be said to have been beyond economic repair. However, in assessing complaints I am required to have regard for what I consider to be fair and reasonable in all the circumstances.

Given that Acromas' quotation for repairing Mr V's boiler exceeded the market value attributed to the boiler by less than £50, it would in my opinion have been fair and reasonable for Acromas to have offered Mr V the option of paying for any repair costs over and above the market value of the boiler himself.

Mr V subsequently provided a quotation from his private engineer for the cost of repairing the boiler for around £70 less than its market value. Acromas says it does not generally agree to reimburse such costs, as it cannot guarantee the quality of the work undertaken and, if a third party carries out repairs, Acromas would no longer be in a position to provide cover under the policy. Whilst this may be the case, I see no reason why Acromas could not have explained this to Mr V and offered the option of reimbursing him for the cost of the private repair (which was less than the boiler's market value) and then cancelling the policy.

I realise Mr V chose to have his boiler replaced instead of having it repaired by his private engineer. Whilst I understand Mr V's reasons for doing this (to obtain a contribution of £250 from Acromas), Mr V could have minimised his loss and instead have opted to pay his private engineer to repair the boiler. Although Mr V may not have replaced his boiler were it not for Acromas' actions, Mr V now has the benefit of a new boiler and has been paid a contribution of £250 towards the cost of this.

Overall, I consider Mr V has suffered distress and inconvenience as a result of Acromas' actions. I believe an award of compensation is warranted to reflect this. In recommending an award of compensation, I have taken into account that Acromas did not consider carrying out a repair of the boiler upon payment of any costs over the market value by Mr V, or consider authorising Mr V to have the repair carried out privately. There also appears to have been some suggestion that Acromas initially cited a failure to have an annual service carried out as one of the reasons for refusing to repair Mr V's boiler. Mr V subsequently provided evidence that his boiler had been serviced annually.

As a final point, I do not consider it unreasonable for Acromas to require sight of an invoice before making a beyond economic repair contribution payment to Mr V, in the circumstances.

The policy terms and conditions state that the contribution is towards the cost of a replacement boiler and Acromas was, in my opinion, entitled to be satisfied that a replacement boiler had been fitted before paying the contribution.

### **my final decision**

For the above reasons, my final decision is that I uphold this complaint. I require Acromas Insurance Company Limited to pay Mr V compensation of £250 in recognition of the distress and inconvenience it has caused him.

Nimish Patel  
**ombudsman**