

complaint

Mrs O has complained about the handling of her claim by Guarantee Protection Insurance Limited ("GPI") relating to the installation of a biomass boiler.

background

When she decided to have the boiler installed, Mrs O took out a '*Deposit and Advance Payment Insurance*' policy. She paid a deposit of £3,000. Mrs O says that she later cancelled the installation but did not receive back the deposit. The installer then ceased to trade, and Mrs O made a claim under the policy.

GPI asked Mrs O to obtain two like for like quotes for the installation before it would consider the claim further. Mrs O declined to do so, stating that because she no longer wanted the installation, to request quotes from other contractors would be acting under false pretences. Because GPI would not change its stance, she brought a complaint to this service.

Our adjudicator initially proposed that GPI pay Mrs O her deposit on the basis that she no longer wanted the boiler installed. GPI responded that the policy allowed it the option to repay the deposit or cover any additional cost of installation above that originally agreed by Mrs O. It agreed to estimate the cost of installation and based on its calculations it offered Mrs O £1,478.63. The adjudicator considered this offer to be fair.

Mrs O disagreed, stating that because she was not proceeding with the installation, GPI should repay her the deposit. She has questioned why GPI asked her to get two quotes but is now basing its offer on only one, and why the adjudicator had altered his view.

Mrs O has stated that GPI's quote is not for a like for like boiler. It relates to a boiler with a much higher kilowatt (kW) rating, situated in a different part of the property, and it assumes pipework is in place that is not actually the case. Mrs O says that the quote relates to a commercial rather than domestic boiler, and she believes that it is an underestimate.

my findings

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

The policy terms confirm that in the event a contractor fails to carry out an installation because it has ceased to trade, GPI at its option will either:-

- arrange for an alternative contractor to install the goods "*for a fair market price with the Policy Holder paying the Outstanding Balance and the Insurer contributing a shortfall in the final cost; or*
- "*refund the Policy Holder with the amount of the Deposit Payment..*"

The policy therefore allows GPI the choice of these options to settle any claim.

Mrs O has described obtaining new quotes as being dishonest and a waste of time because she no longer wants the boiler installed. I appreciate that in these circumstances, Mrs O has found herself in a difficult position. After a complaint came to this service, GPI agreed to

estimate what the current installation cost would be in order that the claim could be settled, and in my view this was a reasonable action to take.

The quote obtained by GPI relates to a 26kW boiler, whereas Mrs O's planned installation was for a 10kW boiler. To reflect this, GPI has reduced the estimated cost of £12,890.63 shown on the quote to £11,890.63. Mrs O considers that this figure does not reflect a like for like quote for her planned installation. I acknowledge her comments why she thinks this to be the case. However, I am mindful that Mrs O has not been willing to obtain a quote.

Mrs O has questioned why GPI only obtained one quote when she was asked to obtain two. Under the "*How to Make a Claim*" section of the policy, it states that the policyholder must provide various documents including "*an alternative like for like quotation*". Although GPI asked for two quotes, as the policy requirement is only for one to be obtained, my view is that GPI can reasonably base its installation estimate on one quote.

GPI has given Mrs O the opportunity to obtain quotes, but for the reasons she has explained, she does not wish to do so. Having looked at the detail of the quote, and in the absence of any expert opinion showing the quote's cost to be too low, my view is that GPI can reasonably rely on it as a basis to estimate the current installation costs.

I have considered Mrs O's comments that because she had already attempted to cancel the installation before the contractor ceased to trade, and no longer wants the boiler fitted, GPI should simply refund her deposit. I understand why Mrs O has requested this, and I have thought about whether GPI is handling the claim fairly.

On balance, my view is that GPI is acting fairly. The policy is designed to ensure an installation is completed when a contractor ceases to trade, as long as the cost of installation has not become significantly higher than the initial estimate. To compare the two alternatives available to it via the policy terms, GPI takes into account the deposit already paid (£3,000), and the outstanding balance that Mrs O would have had to pay based on the initial estimate (£10,412).

GPI has estimated the current cost of installation is £11,890.63. If it carried out the installation, Mrs O would need to pay the outstanding balance of £10,412, and GPI estimates it would have to cover the additional cost of £1,478.63. Mrs O does not want the installation to take place, and so GPI has offered £1,478.63 as the claim settlement. Whilst Mrs O would like her deposit of £3,000 back, GPI has chosen the policy option which results in a lower outlay to it. The policy allows GPI to do this, and my view is that it is not acting unfairly by settling the claim in the most cost effective way for it.

It is unfortunate that Mrs O no longer wishes the installation to take place, and I am sympathetic to the position she finds herself in. However, based on the policy terms, I consider the settlement offer GPI made after a complaint was referred to this service is a fair one.

my final decision

My final decision is that I uphold this complaint in part, in that I consider the settlement offer made by Guarantee Protection Insurance Limited of £1,478.63 to be a reasonable one, and I require this to be paid to Mrs O.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 22 March 2016.

John Swain
ombudsman