

complaint

Mr W complained about the amount he had to pay to have one of Aviva Insurance Limited's contractors install a replacement boiler.

background

Mr W holds an insurance policy which provides cover for the breakdown of the boiler and central heating system. The policy says claims will be dealt with by a Gas Safe registered engineer, who will repair or replace the relevant parts. If it's uneconomical to repair the boiler, and the boiler is seven years old (or older), Aviva will provide and install a new boiler – but Mr W has to pay the installation. The policy says Aviva will provide Mr W with a quote for the work.

Mr W claimed under the policy and the boiler was deemed uneconomical to repair. Aviva provided Mr W with two quotes for around £1,400 and £1,600. Mr W said he got a quote from a local contractor for £750, but as the contractor was busy and the boiler needed replacing quickly he agreed to use one of Aviva's contractors.

The complaint has arisen because Mr W feels Aviva's quotes were inflated and were more than what was reasonable for a new boiler to be installed. He feels the quotes were inflated to offset the cost of Aviva paying for the boiler. He also said he wasn't offered an alternative of the new boiler being delivered so that it could be installed by someone else.

my provisional findings

I issued a provisional decision which explained why I didn't think the complaint should be upheld. The relevant parts of my provisional decision were:

policy cover

- it wasn't in dispute that Aviva isn't liable for the cost of installing the new boiler.
- I wasn't persuaded it was right (or fair) that Aviva told Mr W he would have to use one of its contractors to install the boiler – because the policy said a Gas Safe registered engineer would repair or replace the relevant parts; it didn't say the engineer had to be one of Aviva's contractors.
- even if the policy did say that, it didn't say the engineer would install a replacement boiler.
- also, although the policy said Aviva would provide a quote for the work needed to replace the boiler, it didn't say Mr W had to use that contractor or be bound by the quote
- all the above meant, in my view, that Mr W effectively had a choice over who installed the boiler – I thought that was fair, as he was ultimately the one paying for the installation.
- I thought it would be unfair if Aviva tied Mr W into using its contractor, when Mr W had no control over the costs (although that hadn't happened here – Mr W was aware he could have used his own contractor; it was just that his contractor couldn't do the work as quickly as Mr W wanted).

Aviva's quote

- Aviva's quotes were higher than the quote Mr W got.
- but I didn't think a contractor providing a quote that was higher than another contractor's quote automatically meant the higher quote was inflated – in any service industry there are differences in prices quoted by service providers.
- I nevertheless understood the point Mr W made. Aviva's two quotes were significantly higher than his quote and on the face of it that could give the perception the two quotes were inflated. But I hadn't seen Mr W's quote (as it was given over the phone without visiting the property) so I couldn't compare it to Aviva's quotes.
- I wasn't persuaded that Mr W not being offered an alternative settlement made a difference to the outcome of his complaint. That was because if Mr W *had* been offered an alternative, I thought the outcome would have been the same as he still would have used using Aviva's contractor because his own contractor was too busy.

responses to my provisional decision

Aviva confirmed it had nothing further to add.

Mr W disagreed with my conclusion. He maintained that whilst he was aware he wasn't tied in to using Aviva's contractors, the quotes they provided were higher than industry prices. He said the consumer watchdog suggested the costs to install the boiler should be in the region of £550 to £750. He said the labour alone that he paid for equated to £150 an hour and he listed various parts where he felt the costs were high. He asked me to investigate these costs and to provide him with evidence to support they were reasonable if I maintained that was fair.

Mr W also queried our role, as he felt the regulator was there to protect consumers, and that the installation cost being so out-of-step with industry guidelines should be a red flag to us.

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 want to first of all clarify that neither I nor the Financial Ombudsman Service act as the regulator – we don't 'police' the industry. Our role is merely to consider individual complaints that are brought to us by consumers about financial products. We might tell the regulator if we continually see things happen that might cause some concern, but we don't investigate a financial business's day to day practices.

I've noted Mr W's comments about the consumer watchdog's suggested installation cost. But for me the issue here isn't necessarily that Aviva's quotes are higher than Mr W's contractor's quote or higher than the watchdog's suggestion. That's because Aviva didn't make Mr W use its contractor. He had the option of shopping around and using a contractor of his choice.

As I intimated in my provisional decision, it would be unfair if Aviva's quotes were significantly higher than the industry norm *and* the terms and conditions tied the policyholder into using those contractors. But, the policy doesn't tie the policyholder into using Aviva's contractor.

So, overall, I'm not persuaded that Aviva treated Mr W unfairly in this case.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 21 December 2018.

Paul Daniel
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