

complaint

Mr D complains that U K Insurance Limited (“UKI”) wouldn’t meet the cost of repairing his central heating boiler under his home emergency insurance policy, because it said it was beyond economic repair (“BER”).

background

Mr D had the benefit of a home emergency insurance policy with UKI under his bank account. In December 2014, his central heating boiler developed a fault, and he asked UKI for help. It said that the cost of the parts and fitting required was £1,687.14, including VAT. As this exceeded its estimate of the replacement value of the boiler - £882.60 - the boiler was BER, and it would not repair it. UKI offered Mr D £250 towards the replacement cost of the boiler in accordance with its terms and conditions.

Mr D did not accept this decision. He sourced the replacement parts required from the company from which he had bought the boiler, and had them fitted by another plumbing and heating company, at a total cost of £828.40. He asked UKI to reimburse this cost under the policy, but it wouldn’t change its decision.

Our adjudicator recommended that this complaint should be upheld. He said that Mr D had been able to source the required parts, and get them fitted, for less than IPA’s estimate of the replacement value of the boiler, and considerably less than the estimate UKI had obtained for carrying out the repair. In these circumstances, he did not think the costs quoted by UKI were reasonable. There was a limit on the policy of £750. He recommended that UKI pay this amount to Mr D, inclusive of the £250 it had already offered.

UKI did not accept this recommendation. It said the wording in its policy for BER said its decision would be based on its rates of repair and its decision. So it did not think it should have to take into account the costs Mr D had provided.

The adjudicator said we looked at what was fair and reasonable in such a situation. There was a large difference between the rates UKI quoted and Mr D’s private repair. He was satisfied the repairs were carried out with legitimate parts, and fitted by a qualified engineer. So he thought what he had recommended was fair.

UKI responded to say, in summary, that it had met the terms of its policy, and the fact that Mr D had managed to have the work done at a cheaper price was not a reason to uphold his complaint.

my findings

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

UKI has not explained why there should be such a large discrepancy between its quote for repair costs, and what Mr D actually paid. I notice from reading UKI’s file that one of its staff also had difficulty justifying the figure quoted and raised a query about this, which did not seem to get answered.

For the reasons the adjudicator has mentioned, I think that a fair resolution of this complaint is that UKI meets the repair costs Mr D paid, subject to the policy limit of £750.

my final decision

My decision is that I uphold this complaint, and order U K Insurance Limited to pay Mr D £750, inclusive of the £250 it has already offered.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 21 September 2015.

Lennox Towers
ombudsman