

complaint

Ms B's complaint is about the handling of a claim under her central heating insurance policy with Royal & Sun Alliance Insurance Plc ("RSA").

background

Ms B has held the policy with RSA for a number of years. She made a claim under the policy in December 2018, as her boiler was leaking and making a banging noise. RSA's engineer found there was a leak inside the boiler. His report says he spent hours trying to replace one part but without success. RSA asked the boiler manufacturer to attend on its behalf. The manufacturer's engineer went out a few days later and reported that the boiler needed a front flue duct, heat exchanger, three-way valve, pump and gas valve. He apparently ordered the parts and returned on 3 January 2019. However, the engineer then said he wasn't able to replace all the parts, as the boiler was in a corner cupboard and was difficult to access.

RSA says the parts would cost 146% of the cost of a replacement boiler and the policy defines BER as being if the cost of repairs exceeded 75% of the replacement cost of the boiler. RSA therefore said it could not do anything further, as there is no cover for a replacement boiler in such circumstances.

After Ms B complained, RSA sent another engineer on 22 January 2019. He reported that there were multiple leaks from the boiler and also said it was beyond economic repair, RSA therefore maintained its position. However, it offered £60 compensation for delay in dealing with the matter.

Ms B is very unhappy with the handling of her claim. She says her boiler has still not been properly repaired. It is working but still leaks every now and then and still makes a banging noise. Ms B has made a number of submissions, which I've summarised below:

- The boiler has made a banging noise for around eight years, she has told every engineer at each service about it but RSA has never fixed it.
- RSA's engineer said it was uneconomic to repair but she says he could not be bothered to repair it. He said he could replace it for £2,500 and if he could be bothered to repair it, he would.
- He also said the cupboard would need to be removed to get to the boiler but if he couldn't get to it how could he know which parts needed replacing?
- She said she could remove the cupboard but he still didn't fix the boiler.
- The engineer was rude and made her feel very uncomfortable in her own home with her two daughters.
- Another, supposedly independent engineer came out. He said the boiler could be fixed but she'd have to remove the cupboard. This engineer's subsequent reports then said that six new parts were needed.
- If it is uneconomical to repair, how is it still working and why is RSA still taking the insurance premiums?
- She got her own engineer to look at the boiler who said there was no reason why the problem could not be resolved with access to the boiler.

One of our investigators looked into the matter. She did not recommend that it be upheld, as she thought that RSA had not acted unfairly. The investigator said there was no expert

evidence that the parts RSA said were needed to repair the boiler was not correct, or that it could be repaired for less than 75% of the cost of a new boiler.

The investigator also said there is a record of Ms B reporting the boiler was making a banging noise in 2013 and 2014 but that there is also a note that this was fixed then. The investigator also said the policy still provided cover for Ms B for the rest of her central heating system and her plumbing and electrics, so while the boiler would not be covered until it was replaced, she was still receiving cover for the premium.

Ms B doesn't accept the investigator's assessment, so the matter has been passed to me.

my findings

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

Ms B's policy covers the cost of boiler repairs, subject to various terms and conditions. It says:

"a. Where damage is not beyond economical repair, we will pay the cost of repair up to the limit shown on the schedule.

b. If the boiler is beyond economical repair and there is no boiler replacement cover we will not carry out a repair or offer a contribution or replacement"

'Beyond economical repair' is defined in the policy as: *"The cost of parts including VAT, using reputable suppliers, this should not exceed 75% of the price of a boiler of the same or similar make and model to your boiler on cover."*

Ms B's policy schedule shows that she does not have boiler replacement cover.

Although the boiler is apparently working, it is leaking and still making a banging noise. RSA says that several parts are needed to repair it and that these will cost over 140% of the equivalent cost of a new boiler. While no costings have been provided, the manufacturer's engineer provided details of the part number that are needed and he determined that the boiler was beyond economic repair. He also said he could not access the boiler to do any such repairs.

The second engineer that went out in January 2019 said that the heat exchanger wasn't leaking but there were several leaks from the hydraulic block. He didn't comment on the other parts that the previous engineer had said need to be replaced but he also determined that it was beyond economic repair.

Ms B has questioned how this can be the case when the boiler is still working. I don't think that the fact the boiler is working, means that the boiler can't be declared beyond economic repair. It is still apparently leaking and making a noise (albeit Ms B says the leak is not significant) and RSA says the cost of the repair would be more than the cost of a new boiler. The fact it is working wouldn't change that.

Ms B's engineer has said:

"From what I could see there had been leakage from where was not completely clear as it was not leaking at the time. I could see some staining around the AAV and the bottom of the

boiler. I could see from the paper work that a previous engineer had said that there had been a leak from the seals at the left side of the pump. With access to the boiler I would not see why these problems could not have been rectified by replacement parts."

This doesn't mean the repair should be covered by the policy. RSA has not said the boiler cannot be repaired, rather that the cost of repairing it will be more than 75% of the cost of a new boiler. Ms B's engineer's report doesn't address that and there is no evidence that the cost of repair would be less than RSA has said.

I am not therefore persuaded there is enough evidence that RSA's position is incorrect.

Ms B has also said the problem has been going on for around eight years, as she has reported the noise the boiler makes repeatedly, and RSA has failed to resolve it even though she has been covered all that time. I can see there were a number of call outs between September 2013 and April 2014 which refer to loud noise from the boiler but this appears to have been fixed then, as the next call out was December 2014 for a leaking hose. There's no mention of any noise on that job sheet and although there were several more attendances after that, there's no apparent report of noise from the boiler until the claim in December 2018. I can't therefore safely conclude that RSA was aware of this issue and failed to fix it for eight years.

Ms B is also unhappy that she has still been paying the premium for the policy when her boiler is still faulty and is not being covered. As the investigator has said, the policy provides for other parts of the property and an annual service of the boiler. Ms B has had her boiler serviced since the claim was made and there is not evidence that she sought to cancel the policy. I do not therefore consider RSA has acted wrongly in continuing to take these payments.

Ms B has also said that one of the engineers was unprofessional and made her feel uncomfortable with the way he spoke to her. While I have no reason to doubt what Ms B has said about this, I am unable to make any award in this regard or take this any further, as there is no other evidence about what was said during that visit.

There were some delays in attending to the claim but I consider the offer already made of £60 compensation for this is reasonable, given Ms B was not without heating or hot water.

my final decision

I do not uphold this complaint against Royal & Sun Alliance Insurance Plc, as I consider it has already made a reasonable offer in full and final settlement of the complaint. If the compensation offered by RSA has not already been paid and Ms B now wishes to accept it, she should confirm her acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 29 July 2020.

Harriet McCarthy
ombudsman