

complaint

Mr P complains that UK General Insurance Limited (“UKG”) mishandled a claim he made under his home emergency insurance policy, with the result that he had to install a new central heating boiler.

background

Mr P owned a residential property which was rented to a tenant. In June 2015, his tenant told him there was a lack of hot water, so he called on UKG under his home emergency policy. The engineer who attended said a new pump and sensor were required. After some delay, he returned and said he had fitted these, but the problem remained. The engineer then said a replacement heat exchanger would be required.

UKG said the first repair had cost £620.86. Mr P had a limit of £500 under his policy, so he had to pay the excess of £120.86. UKG estimated the cost of replacing the heat exchanger at just over £400. It said that this cost, added to what it had already paid out, meant that the boiler was beyond economic repair (BER), so it wasn't willing to repair it under the policy.

Mr P arranged for another engineer to fit a new boiler at a total cost of some £1,800. He then complained to UKG that it had overcharged for the first repair, because its engineer had fitted different parts to those he had stated. He said that if the correct parts had been invoiced, his boiler wouldn't have been BER at the time of the second repair. He also said he had told UKG before it carried out the first repair that he thought that a replacement heat exchanger was required.

UKG acknowledged that the invoice for the first repair was wrong. It refunded the excess he had been charged. It said that with the correct amount charged for the first repair, Mr P's boiler would still have been BER. It said that its engineer carried out the first repair after a diagnostic check, so he was justified in making the first repair although this didn't cure the fault. Mr P's suggestion that the heat exchanger be replaced first was made on the advice of an engineer friend of his who hadn't inspected the boiler.

UKG said that under the policy terms it would contribute £250 to the cost of the new boiler. It also offered £100 compensation to Mr P for the delays in attending and the overcharging. Mr P didn't accept this and complained to us.

Our adjudicator recommended that this complaint should be upheld. Mr P had produced a report from the engineer who replaced Mr P's boiler. He said that in his opinion, only the heat exchanger had needed to be replaced. The adjudicator said that as the replacement of the other items by UKG hadn't rectified the fault, he thought UKG had misdiagnosed the problem.

The adjudicator considered that UKG had mishandled Mr P's claim. He didn't recommend that UKG reimburse the whole cost of replacing the boiler, as he thought the heat exchanger could still have been replaced. But he recommended that UKG increase its compensation offer from £100 to £400 because of the trouble and upset its handling of the claim had caused Mr P.

UKG responded to say that it didn't consider that the service issues and delays warranted the increase in compensation suggested. It was prepared to increase the compensation by a further £50, but no more.

Mr P responded to say, in summary, that it was reasonable for him to replace the boiler, rather than fit a new heat exchanger, because:

- his engineer was unwilling to fit a heat exchanger at that stage for several reasons. He was unhappy about the work that UKG's engineer had done on the boiler, and couldn't be certain what parts had been replaced. So he couldn't guarantee that fitting a new heat exchanger at that stage would fix the boiler;
- UKG had confirmed to him that if he had fitted a new heat exchanger at that stage, because it had declared his boiler BER, it would no longer be covered by his policy,
- he needed a speedy and certain resolution because he had new tenants moving into his property, and
- the cost of fitting a heat exchanger to the old boiler with no guarantee this would cure the fault, and the fact that he would lose the £250 contribution from UKG towards a new boiler, meant, among other reasons, that it made economic sense to fit a new boiler.

my findings

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

On balance, it seems likely that the first repairs UKG's engineer carried out were unnecessary, because they didn't make any difference to the fault Mr P had reported. I cannot be certain that if the heat exchanger had been repaired initially, that would have resolved the problem, but it seems more likely than not that this would have been the case. Of course, given its age, other problems could then have surfaced.

When Mr P and his engineer considered whether to fit a replacement heat exchanger to the old boiler or install a new boiler, a number of considerations arose, as Mr P has explained. Fitting a new boiler had a number of advantages over repairing the old one. As well as the ones Mr P has mentioned, it would have a guarantee for a number of years and would be likely to give less trouble, which would be a useful consideration in a rented property.

Because of this, I don't think it would be reasonable to require UKG to reimburse the whole cost of the new boiler. However, nor do I consider that the compensation it has offered is adequate for the trouble and upset it has caused Mr P because of its failure to act properly on his claim in the first place. I agree with the adjudicator that £400 is the appropriate level of compensation in the circumstances of this complaint.

my final decision

My decision is that I uphold this complaint, and order UK General Insurance Limited to pay Mr P compensation of £400, inclusive of the figure it has already offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 11 January 2016.

Lennox Towers
ombudsman