

complaint

Mr and Mrs M are unhappy that Lloyds Bank General Insurance Limited (trading as "Halifax") declined their claim under a Halifax home options insurance policy.

background

On 23 May 2017, Mr M returned home to find their boiler had come off the garage wall. They contacted their gas supplier, who disconnected the boiler and made it safe.

Mr M phoned Halifax, who told him that they were covered under the accidental damage section of their home insurance. Halifax asked Mr M to get some quotations for a replacement boiler. Mr and Mrs M got several quotations, and sent Halifax the cheapest.

Once they'd received the quotation, Halifax started to ask Mr M questions about the claim. After a few days, they said they needed to find out why the boiler had come off the wall. On 6 June 2017, they sent out an assessor to inspect the boiler and report on the cause.

On 12 June 2017, Halifax rejected the claim. They said what had happened didn't meet the policy's definition of "*accidental damage*". They said the boiler came off the wall because it hadn't been fitted properly in the first place.

Mr and Mrs M complained, but Halifax didn't change their mind. They did, however, accept they'd given Mr and Mrs M incorrect information when Mr M phoned to make the claim. They offered £100 in compensation for this error, which Mr and Mrs M rejected.

One of our investigators looked into things. He didn't think Halifax were wrong to decline the claim. But he thought they should do more to compensate Mr and Mrs M for the inconvenience of being without hot water or heating for the period when they thought their claim would be paid. He recommended Halifax pay £400 compensation for this.

Halifax disagreed, as they thought the inconvenience to the family hadn't been that material. Mr and Mrs M also disagreed, as they thought their claim should be paid. So the file has been passed to me to reach a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've reached the same conclusions as our investigator. So I'm not going to direct Halifax to pay the claim. But I am going to award some compensation. I'll explain why below.

First, I'll look at Halifax's decision on Mr and Mrs M's claim.

Mr and Mrs M's policy defined accidental damage as follows:

"An accident that causes physical damage, which is caused suddenly by an outside force and is not expected and not deliberate".

And it said the following were uninsurable causes:

“A gradually operating cause. This is something that happens gradually over a period of time, for example corrosion, damp, condensation, decay or decomposition.

Faulty workmanship, poor design, or defective or inherently unsuitable materials”.

Both sides agree that the boiler fell off the wall without any obvious cause or trigger. There's no question that what happened to the boiler was *“not expected and not deliberate”*. Mr and Mrs M's boiler had been in place and regularly serviced for some ten years. They had no reason to think there was anything wrong with the way it was installed.

But I still don't think what happened to the boiler meets the definition of an accident above – I say this because there was no *“outside force”*.

Halifax's assessor thought the problem was caused by the wrong fixings being used when the boiler was installed. Mr and Mrs M haven't come up with any other explanation. And the expert they asked to comment on things seems to have largely accepted this fixings explanation. So I think it's more likely than not that this was the reason the boiler fell off the wall.

The clause about uninsurable causes reinforces the definition of an accident. A gradually operating cause, faulty workmanship or unsuitable materials would clearly not create an event caused suddenly by an outside force. So I think it's clear that a replacement boiler isn't covered under the policy.

Mr and Mrs M have ended up in an unfortunate position through no fault of their own. As I've said, I'm satisfied that what happened was unexpected and there's nothing they could have done to avoid it. I've considered whether it's fair and reasonable for Halifax to apply the strict policy terms and conditions to the circumstances of Mr and Mrs M's claim – and I think it is. This is because I think what happened doesn't fit with what an ordinary person would consider to be an accident. So I don't think it would be fair to expect Halifax to cover it.

Mr and Mrs M's expert has argued that the fixings' failing isn't covered, but that there was then an intervening *“new act”* - the boiler sustaining damage - which should be covered. I disagree. I think there's a clear causal link between the failure of the fixings and the subsequent damage to the boiler. So I don't think it would be fair to ask Halifax to pay the claim. Unfortunately for Mr and Mrs M, it doesn't make any difference whether they knew about the problem in advance or not.

I'll now turn to the question of what compensation, if any, is appropriate.

Halifax has accepted that it made an error when Mr M first reported the incident. It wrongly told him that they would be covered. Halifax has offered two lots of £100 (so £200 in total) to compensate Mr and Mrs M for its error. So I need to decide if that's fair.

In deciding how much compensation is appropriate, I need to consider the impact on Mr and Mrs M of what's happened. I note that Halifax has suggested that there was only minor inconvenience. They suggested we should ask Mr and Mrs M for more details of how they were impacted.

When Mr and Mrs M first contacted Halifax about their claim, they were told that it would be paid. Three weeks later, Halifax changed their decision. During those three weeks, Mr and Mrs M were under the impression that Halifax would be paying for a new boiler. And while they waited for Halifax to arrange this, they didn't have access to heating or hot water for them or their three young children.

I'm satisfied that if Halifax had given Mr and Mrs M the correct decision straight away, they would have arranged for a replacement boiler sooner. After all, Mr M was able to get the quotes requested within three days.

Mr and Mrs M live in Scotland. I accept that it was May/June, and hence not the coldest time of the year. But the temperatures there were still at a level when many people would put their heating on, especially with children at home. And I'm satisfied that being without hot water would be a material inconvenience for the family.

In the circumstances, I agree with our investigator that compensation of £400 for the trouble caused by Halifax's mistake is fair.

my final decision

I uphold this complaint in part and direct Lloyds Bank General Insurance Limited to pay Mr and Mrs M £400 for the trouble and upset caused by their poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 18 January 2018.

Louise Bardell
ombudsman