

complaint

Mr and Mrs L are unhappy with the service provided by Aviva Insurance Limited in relation to her claim under their home emergency insurance policy. The policy is in Mrs L's name but

Mr L has been dealing with the complaint and so I will refer to Mr and Mrs L throughout the decision.

Aviva Insurance Limited uses another company, acting on its behalf as agents, to deal with claims. Whenever I refer to Aviva in this decision it should be taken to include anything those agents did or didn't do.

background

I issued a provisional decision on this matter on 2 May 2017, part of which is copied below:

"Mr and Mrs L made a claim under her policy with Aviva after their boiler broke down. Aviva refused to repair the boiler, as it said it was beyond economic repair. It isolated the boiler to make it safe and it has now paid a £200 contribution towards a new boiler in accordance with the policy terms.

Mr and Mrs L are very unhappy with this. They say a new boiler would have cost around £3,500; and they were able to have it repaired for £600. Mr and Mrs L therefore think Aviva should pay the costs of the repairs. Mr and Mrs L also say that they think the annual services carried out on the boiler by Aviva should have ensured the damage didn't happen.

One of our adjudicators looked into the case. She upheld it in part. She said any issues about the annual service weren't in our jurisdiction, as they were not done as part of the insurance provision. The same applied to the agents offer to fit a new boiler. The adjudicator didn't think the decision to deem the boiler as beyond economic repair was unreasonable and so the contribution of £200 was payable.

The adjudicator did however think that the excess should be refunded, as no claim was payable under the policy. The terms say that Aviva will refund the excess payment if after the initial inspection (by the engineer), it is determined the incident wasn't covered by the policy.

Aviva disagreed. It says it pays its engineers a flat rate to attend to any call out, which is more than the excess paid by Mr and Mrs L. Its engineers had attended and carried out work to make the boiler safe and so the excess is payable. It also said that the services were carried out properly because if the boiler wasn't serviced correctly it would have broken

down within two months.

Mr and Mrs L are very unhappy with the adjudicator's assessment. They say that Aviva's engineer was quoting for parts that weren't really needed and it was a con. Mr and Mrs L's engineer was able to get the boiler up and running for £28. The engineer also said that some parts needed to be replaced soon - so they paid the £600 to get them replaced.

As the adjudicator was unable to resolve the complaint it 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.

Mr and Mrs L's policy doesn't cover the cost of any repairs to their boiler if it is declared to be "beyond economical repair". This is a common condition in home emergency policies and I don't think it is unfair. It doesn't mean that the boiler can't be repaired but rather that the cost of the repairs is more than a new one would cost.

Aviva's engineer said the cost of repairing Mr and Mrs L's boiler (new parts and labour) would be over £2,000. However, Mr and Mrs L were apparently able to repair the boiler for £600.

I've seen a copy of the report provided by Mr and Mrs L's engineer. His notes are comprehensive, detailed and I find them persuasive. He says he was able to repair the boiler by replacing the ignition electrode; cleaning various parts and re-pressurising the expansion vessel (as well as some other things). He said that a number of the parts were 'serviceable items' ie parts that should have been taken out and cleaned during each annual service.

Aviva's engineer had said various parts needing replacing, including the heat exchanger and condensate trap whereas Mr and Mrs L's engineer said he cleaned these and replaced them and they were operating properly. Aviva's engineer also said two printed circuit boards, the fan and burner were needed. Mr and Mrs L's engineer said the burner was fine and didn't think these needed replacing.

As the adjudicator said, Aviva is normally entitled to rely on the advice of its own engineers. However, Mr and Mrs L's engineer's report establishes that the boiler was repairable and that the work Aviva's engineer recommended wasn't all necessary. He got it working safely and it appears to be more than a temporary repair. Therefore, even if it was advisable to replace other parts this wasn't required. The policy provides cover to get a boiler functioning safely again and I think Mr and Mrs L have established that this was possible for a lot less than Aviva's engineer had suggested. There's no suggestion that Mr and Mrs L weren't charged a proper rate for the work done by their engineer.

The policy says that a boiler will be beyond economic repair if the repairs would cost more than 85% of the manufacturer's current retail price for the boiler. I note that Aviva's engineer referred to the value of Mr and Mrs L's boiler "as per 'sliding scale'" as being £255.17. I assume this is the value of their boiler given its age. However, the policy provides that it's

the retail value of a new boiler is to be used in this calculation. I've not seen anything to suggest that the manufacturer's current retail price for Mr and Mrs L's boiler would mean that repairs costing £600 would render it beyond economic repair in accordance with Aviva's definition.

Therefore I consider that the boiler was repairable under the policy and Aviva should reimburse the costs that Mr and Mrs L paid to their own engineer for the repairs that should have been carried out by Aviva under the policy, together with interest at our usual rate.

Given this, I don't think that Aviva now needs to refund the policy excess, as the claim will effectively have been met.

I also consider that Aviva should pay Mr and Mrs L the sum of £100 compensation for the distress and inconvenience caused by this matter. They had to get their own engineer out to do the work that should have been done under the policy. They had purchased the policy to avoid the need to find their own engineers in such emergency situations and the trouble they have been put to following that.

my provisional decision

I intend to uphold this complaint against Aviva Insurance and require it to:

- reimburse the costs that Mrs L paid to her own engineer to have the boiler repaired (i.e. £600) together with interest at 8% simple per annum, from the date she paid him to the date of reimbursement; and*
- pay the sum of £100 compensation for the distress and inconvenience caused by its handling of the claim.*

I understand Aviva has sent the £200 beyond economic repair payment already, if that's correct then it can deduct this from the amount now owing to Mrs L."

responses to my provisional decision

I invited both parties to respond to my provisional decision with any further information or comments they might have.

Both Mrs L and Aviva have responded and confirmed that they both accept my provisional decision.

Mrs L says that she hasn't received the £200 'beyond economic repair' contribution, so that shouldn't be deducted from the settlement I proposed.

Aviva said it will trace the cheque and won't make any deduction for that if it hasn't been cashed. It has also asked for confirmation of the date that Mrs L paid her engineer, in order to calculate the interest due. Mrs L told our adjudicator the invoice was paid on 22 November 2016.

my findings

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

As neither Aviva nor Mrs L has provided any further information and they both accept my provisional decision, I see no reason to change my provisional findings. I remain of the opinion that Aviva should reimburse the costs Mrs L incurred, with interest, and pay her £100 compensation for the trouble caused to her.

I confirm that Aviva will only be able to deduct the £200 from the settlement if it establishes that this was cashed by Mrs L.

Mrs L says the engineer was paid on 22 November 2016. There's no reason to doubt that date, it's around a month after he completed the work. However, Aviva will be entitled to documentary proof of that, if it insists.

my final decision

I uphold this complaint against Aviva Insurance and require it to:

- reimburse the costs that Mrs L paid to her own engineer to have the boiler repaired (i.e. £600) together with interest at 8% simple per annum, from the date she paid him to the date of reimbursement; and
- pay the sum of £100 compensation for the distress and inconvenience caused by its handling of the claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 8 June 2017.

Harriet McCarthy
ombudsman