

complaint

Mr M complains that One Insurance Limited (OIL) has declined his claim to be reimbursed for a repair to his boiler that OIL wouldn't undertake under his home emergency policy. References to OIL include its agents and contractors.

background

Since 4 January 2018, Mr M has had a home insurance policy which includes, as an optional extra, home emergency executive cover from OIL. This provides cover for his boiler, but doesn't include an annual service. The policy provides cover of up to £750 (including VAT) for parts and labour.

According to OIL'S records, Mr M's boiler was around 4 to 5 years old and hadn't been serviced since December 2017. It says it attended to it on three occasions. It says it replaced two major components in January 2017 (sic), and, following another claim, attended again in November 2018. Mr M's complaint follows a further claim made in January 2019.

On 29 January 2019 Mr M contacted OIL to report a fault with his boiler. Two OIL engineers attended. The first engineer said that the problem was with something else for which his policy didn't cover him. The second engineer said that the problem was with the boiler's expansion valve and that this needed to be replaced. He replaced it, but this didn't solve the problem. The engineer then left.

Mr M say he waited for days for OIL to call him. When he then called OIL, he was told that his boiler was beyond economic repair (BER) and he'd need to buy a new one. He says his boiler was less than six years old. He says OIL also told him that he'd already used up £500 of the £750 financial claim limit under his policy.

Mr M spoke to the engineer who usually undertakes his annual boiler services who told him that the cost of the parts OIL had used don't cost £500. This engineer checked the boiler and identified that the heat exchanger was faulty, so he replaced it for £375. The boiler thereafter continued to work normally. Mr M say this confirms that the expansion valve that OIL'S engineer replaced wasn't the cause of the problem. He wants to be reimbursed the £375 he had to pay his own engineer.

OIL'S engineer's report states that its engineer visited on 22 January 2019. He replaced the expansion vessel and related PRV that had blown. After testing it was found that although the new parts had solved the pressure issue and restored hot water, the heating was still not working. The engineer ran through further diagnostics and found the heat exchanger was at fault, potentially because it had become full of sludge. The presence of sludge raised some doubt about Mr M's claim that he'd had a system flush conducted 10 months before, or alternatively that it hadn't been done to standard. He said that further repairs involving a new heat exchanger, fittings, sundries and labour would cost around £250-300.

The report went on to say that the cost of repairs to date for this incident was £450 (not £500 as Mr M had been told), and that the cost of a new boiler of similar model was £650. Therefore the further repairs needed would bring the total cost of repairs to more than the cost of new boiler. It said that taking into account the generally poor condition of Mr M's system, the repairs weren't considered to be economically viable. So the boiler was declared to be beyond economic repair (BER).

OIL declined Mr M's claim. It said that Mr M's boiler hadn't been serviced since December 2017, and referred to an exclusion in his policy which states that it doesn't cover:

"any claim where the main source of heating is:

- not annually serviced or is not subject to a maintenance contract."*

Mr M has since provided evidence that his boiler was serviced on 20 June 2018. He's provided a copy of a Service Maintenance Checklist completed by a qualified gas engineer. This lists the checks undertaken, and states in the "Observation" box *"All ok cleaned filter checked system"*.

OIL has said that this document is merely a checklist, and not evidence of a boiler service. Its engineers also commented that the checks undertaken weren't comprehensive and only covered the boiler's basic functioning and didn't include a wider inspection of the whole heating system. They also commented on the presence of sludge. They said that Mr M hadn't provided evidence of having followed a recommendation made to him in January 2018 that he deal with the sludge that was present in his system. But OIL hasn't given this as a reason for declining Mr M's claim.

Mr M wasn't satisfied with OIL'S response to his request for reimbursement of the cost of the further repairs required to get his boiler working properly again. He first asked for reimbursement on 27 February 2019. He made a further request on 7 May 2019. Having received no response from OIL by 7 July 2019, he brought his complaint to this service. Mr M complains that OIL left him and his family in the cold with no heating from November 2019 and he wants compensation for this from OIL.

Our investigator's view was that Mr M had provided enough evidence of having had his boiler serviced annually, which was the ground upon which OIL had declined his claim. She considered that OIL should reimburse to Mr M the £375 he'd had to pay his own engineer to undertake the work that OIL declined to do.

OIL doesn't agree with our investigator's view and has asked that the matter be referred to an ombudsman. The matter has therefore been passed to me for a decision.

I initially issued a provisional decision in this case and asked OIL and Mr M to provide any further comments they wished to make by 11 July. I've received no further comments from either OIL or Mr M.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm upholding Mr M's complaint but making a different award to that suggested by our investigator, and I'll explain why. Although OIL hasn't provided a final response letter to Mr M, it's clear from what it's said elsewhere that it rejected Mr M's claim on the ground that Mr M hadn't had his boiler serviced, which was a requirement of his policy. Mr M has provided the Service Maintenance Checklist showing a service having been undertaken on 20 June 2018. He's also provided a similar document dated 18 May 2017. This states, in the "Observations" box, *"All ok fully serviced boiler and checked system (balanced radiators)"*.

So I'm satisfied that Mr M's boiler had been serviced in 2017 and 2018. The checklists provide a detailed description of what the engineers checked and did. They are in similar

form to checklists provided by other engineers at annual services. I'm not persuaded that this is insufficient to satisfy the terms of Mr M's policy, which doesn't stipulate what a service needs to include or the form in which such service is recorded.

OIL'S engineers have also alluded to the fact that there was sludge present in Mr M's system and that he may not have followed the recommendation that they say was made to him in January 2018 that he have his system flushed. Mr M has provided evidence in the form of an invoice from engineers dated 20 January 2018 to prove that he did in fact have a full power flush of his central heating system. I mention this only for completeness as OIL didn't reject Mr M's claim on this ground. Nor did it reject it on the ground that the boiler was BER.

So as I'm satisfied that OIL has unreasonably rejected Mr M's claim for reimbursement, I'm going to require OIL to make such reimbursement to Mr M. If OIL'S engineers had undertaken the necessary work for £300 (they'd stated the cost to be £250 - £300), this cost together with the cost of the replacement of the expansion vessel and PRV (£450) would equal the £750 claim limit under the policy. But as Mr M had to engage his own engineer instead, I think it reasonable that he be reimbursed the full amount he had to pay.

Mr M has also complained that he and his family were left without heating by OIL since November 2018. OIL initially told our investigator that it had attended to Mr M's boiler in January and November 2018. It also stated:

*"The previous claims In January and November the work required to the boiler was carried out and the rectification needed was complete.
The [contractors] have also made note that the consumer states he had a boiler service In December yet the boiler was not working In December even after the [contractors] recent visit in late November early December."*

The above statement therefore appears to confirm that the boiler wasn't working in December 2018, prior to Mr M's claim in January 2019.

I sought further information about this from Mr M and OIL. OIL'S response was that it had "refused" to attend to Mr M's boiler in November 2018 as it wasn't a "*complete failure of the main source of heating*" as the policy terms required. It says that the boiler was still firing up and providing hot water and that Mr M had reported that the radiators were "*not reaching full temperature*" though were still warm and providing heat. It recommended he bleed the radiators.

So there appears to be a conflict in OIL'S account as to whether it attended in November 2018 to deal with the claim that Mr M made at that time. And Mr M has consistently said he and his family were in the cold since November.

As OIL has said in response to my specific question that it "refused" to attend in November, and that the boiler wasn't working in December, I'm persuaded that Mr M's account is the more probable one.

As I've received no further information from OIL about this aspect of Mr M's claim, I consider it would be reasonable for Mr M to receive compensation of £250 from OIL for its refusal to attend in November 2018 to identify why his heating system wasn't working, leaving him and his family without central heating for at least two months.

I also consider that Mr M has suffered considerable inconvenience in having to resort to this service to get a response to his request for reimbursement of the amount he had to pay his own engineer. He first made this request on 27 February 2019 and when, despite chasing, he hadn't received any response by 7 July, he contacted this service. I consider that compensation of £200 would be reasonable in these circumstances.

my final decision

For the reasons I've given above. I'm upholding Mr M's complaint and I require One Insurance Limited to do the following:

1. to pay Mr M £375 in reimbursement of what he had to pay his own engineer to repair his boiler together with interest on this sum payable at the simple rate of 8% a year from the date Mr M made his claim to the date payment is made to him.
2. to pay Mr M compensation of £450.

If One Insurance Limited considers that it's required by HM Revenue & Customs to take off income tax from any interest payable, it should tell Mr M how much it's taken off. It should also give Mr M a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 August 2020.

Nigel Bremner
ombudsman