

complaint

Mr and Mrs S complain that Royal & Sun Alliance Insurance plc should pay for a repair under a home emergency policy.

background

Mr and Mrs S have home emergency insurance in the name of a bank. RSA is the insurer responsible for dealing with claims. Mr and Mrs S called for help when their central heating and hot water system stopped working properly.

RSA sent an engineer who said they needed a replacement three-way valve. After RSA said its policy didn't cover that, Mr and Mrs S complained. They engaged an independent engineer who fixed the boiler. They say that RSA should reimburse the cost.

Our investigator recommended that the complaint should be upheld. She thought that RSA should've covered the claim. She recommended that RSA should:

1. reimburse Mr and Mrs S £273.50 for the cost of having the boiler repaired;
2. pay them 8% simple interest on this amount.

Mr and Mrs S agreed with the investigator's opinion.

RSA disagreed. It asks for an ombudsman to review the complaint. It says, in summary, that the fault was intermittent and Mr and Mrs S could re-set the boiler to get it going. And they had the alternative of an electric shower. So it wasn't an emergency covered by the policy. RSA says its engineer got the boiler back up and running. RSA later asked Mr S for evidence that his boiler had been serviced, it says.

my findings

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

Where I refer to RSA or the insurer, I include its claims-handlers and appointed engineers and any others for whose actions I hold RSA responsible.

I accept that the policy only covers an emergency. But that includes the home becoming unsafe or losing its main source of heating.

If it's an emergency, the policy covers loss of heating or hot water following a failure or breakdown of the main heating and hot water system.

The policy then provides a tradesman to do a temporary or permanent repair to resolve the emergency. If a permanent repair is necessary, the tradesman will carry it out provided it can be effected during the visit and at a similar expense.

The policy doesn't cover failure or breakdown of a component which affects only the efficiency of the main heating system.

The policy doesn't cover a central heating system that hasn't been properly maintained.

I haven't seen any policy term that mentions obsolete parts. I have seen a term that says that spare or replacement parts may not be from the original manufacturer.

I haven't seen any policy term that mentions intermittent faults.

Mr S has said that – before he got RSA cover through the bank – another company serviced his central heating boiler. I have no reason to doubt that. And in any event there's not enough evidence that Mr and Mrs S hadn't maintained their boiler properly – or that this made any difference to the three-way valve.

It was late November. Mr and Mrs S's boiler was sometimes providing heat to the radiators. But this was uncontrollable. There was an over-supply of heat followed by no heat. And the boiler wasn't providing hot water to taps.

I don't agree with RSA that this was just an efficiency issue.

I'm satisfied that there had been a failure or breakdown of the main central heating and hot water system. And it followed that Mr and Mrs S had a loss of hot water.

I accept that Mr and Mrs S had an electric shower.

But from what Mr S has described, I think they had lost control of the boiler. That meant they sometimes lost heating when they wanted it. I think that was an emergency within the meaning of the policy. Even if I'm wrong about that, I think that - to be fair - RSA should've treated the situation as an emergency.

And indeed RSA sent an engineer. He said Mr and Mrs S needed a replacement three-way valve. He said that part was obsolete. But – from what their independent engineer did later – I don't think the part was obsolete.

From what Mr S and RSA have each said, I think the boiler was running when RSA's engineer left it. But I don't agree with RSA that Mr and Mrs S had only an intermittent fault. I think its engineer had recognised that there was a permanent fault with the three-way valve.

From that, I don't think that re-setting the boiler was going to be enough to control the flow of hot water to taps and/or radiators. I think the only fair way for RSA to respond was by replacing the three-way valve. RSA declined to provide such a replacement.

Mr and Mrs S complained in early December.

RSA sent its final response on 17 December 2017. The final response didn't say RSA would reconsider the complaint if Mr and Mrs S provided more information.

The final response said RSA had rejected the claim as the problem was intermittent and affected only the efficiency of the heating system. The response also said that the part required to fix the boiler was obsolete.

That was RSA's final response. So – despite the telephone conversation the next day – RSA can't persuade me that it might've changed its position if Mr S had sent RSA further information instead of bringing his complaint to us.

On about 19 December Mr and Mrs S got an independent engineer to help them. I've seen his invoice. It mentions "*poor*" heating and hot water. But I don't think that his use of the word "*poor*" contradicts Mr and Mrs S's evidence that the boiler was providing only uncontrollable heating and no hot water.

And the independent engineer replaced the three-way valve (as well as a cylinder thermostat). So I don't think the three-way valve was obsolete.

The independent engineer fixed the problem. His invoice was for £273.50.

And I don't think RSA treated Mr and Mrs S fairly by declining to fix the problem under the policy. RSA hasn't mentioned any policy excess. So I find it fair and reasonable to order RSA to pay Mr and Mrs S £273.50.

I've thought about ordering RSA to pay compensation for distress and inconvenience caused to Mr and Mrs S. But they haven't said much about that. And I think most of it was to do with having to pay out money and trying to claim it back. So I find it fair and reasonable to order RSA to pay interest at our usual rate.

my final decision

For the reasons I've explained, my final decision is that I uphold this complaint. I order Royal & Sun Alliance Insurance plc to pay Mr and Mrs S:

1. £273.50 for the cost of repair;
2. simple interest on that amount at a yearly rate of 8% from 19 December 2017 to the date RSA pays it. If RSA considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr and Mrs S how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 14 May 2018.

Christopher Gilbert
ombudsman