

complaint

Mr N's complaint is about the handling of a claim under his home emergency insurance policy with U K Insurance Limited ("UKI").

UKI uses agents to handle claims on its behalf and so all references to UKI in this decision should be read as also including those agents.

background

I issued a provisional decision on this matter earlier this month, part of which is copied below:

"Mr N made a claim under his policy in September 2018, as his boiler was not working. UKI sent a contractor out to look at the problem the next day. However, I understand Mr N hadn't been told to expect him and so he did not answer the door to him. Another appointment was made for two days later. The engineer that attended said that some parts needed to be replaced. He said this would cost £675.24 (including six hours labour of around £250). Mr N's policy has a limit of £500 per claim and so he was asked to pay the £175.24 over this limit.

The engineer came back out on 8 October 2018 and fitted the parts. Having done this, the boiler was apparently igniting but would cut itself off after a short while. UKI's engineers said the power circuit board ("PCB") and another part needed to be replaced.

UKI said this meant the boiler was now beyond economic repair due to the total cost of the parts needed to repair it and, as the claim had exceeded the policy limit already, there was nothing more it could do under the policy.

Given this, Mr N arranged for a new boiler to be installed (at a cost of approximately £1,850). When Mr N's engineer came to fit the new boiler, he said the condensation pipe was blocked and this would have caused the boiler to keep cutting out and breaking down regularly. Mr N's engineer said that if the pipe had been cleaned out it would have resolved the issue.

Mr N is very unhappy about this and the service provided by UKI. Mr N says he incurred significant outlay unnecessarily and has asked UKI to reimburse the cost of the new boiler. Mr N also said UKI's engineer had only worked for here hours on the initial repair, and not the six hours he was charged for, which is fraud.

UKI accepted that the contractor had only worked for three hours on the initial repair and so refunded £123.12 of the excess payment Mr N had made for this. However, UKI doesn't accept that it acted incorrectly in deeming the boiler to be BER. UKI says it can only rely on the opinion of its own gas engineers. It did however offer a £250 contribution to a new boiler.

One of our investigators looked into the case. He determined that it should be upheld, as he said Mr N's gas engineer had said the boiler was easily repairable and there is nothing in UKI's engineer's notes to confirm that he had checked the condensate pipe.

The investigator therefore recommended that UKI reimburse Mr N the cost he incurred in having the boiler replaced, less the cost of replacing the condensate pipe (which is a cost Mr N would always have had to pay as the policy limit had been used up).

UKI does not accept the investigator's assessment. It says it is not possible to know for sure that the condensate pipe would have resolved the problem with the boiler. There's also no evidence that it was incorrect in its diagnosis to write the boiler off; and the boiler was over 10 years old, which is its average life expectancy anyway. UKI says there are two conflicting engineer's reports and it is now unable to verify entirely either way, but as a gesture of good will offered to pay half the cost of the new boiler.

Mr N didn't accept this offer, so the matter 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.

UKI's engineer deemed the boiler to be BER but I've not been provided with any cost analysis to establish that this was the case. And in addition to this, there is dispute as to what other work was required to get the boiler working properly at that stage. UKI's engineer said the PCB needed to be replaced.

Whereas Mr N's engineer says: "Upon inspection we found the condensate pipe was blocked. This removes all products of combustion from the boiler and if it is unable to do so as in this case, the boiler will cut out for safety reasons.

It is my professional opinion that the problem with this boiler was purely due to the condensate pipe being blocked, which should have been one of the very first checks carried out. This simply needed to be cleared through."

There's no evidence that UKI's engineer checked or cleaned the condensate pipe and UKI has not disputed what Mr N's engineer has said about this being a common cause of a boiler cutting out in the way reported in this case.

There is therefore some doubt about the boiler being BER. However, I do not consider that there is enough evidence to require UKI to reimburse the entire cost of the new boiler.

I say this because, while there is some doubt that the boiler was BER, it has not been proven that the boiler only needed to have the condensate pipe cleaned.

Mr N's engineer's report does not comment on the parts that UKI's engineer had already replaced. So there's no evidence the initial repairs were not also needed. He also apparently inspected the boiler after it was removed, as Mr N says it was by then too late to not go ahead with the replacement. So we cannot be sure if cleaning the condensate pipe out would have been successful in resolving the problem with the boiler staying on; and cannot therefore be sure that the PCB wasn't also faulty.

Given this and also the age of the boiler, I am not persuaded that UKI needs to pay for the entire cost of the replacement boiler. I consider that a contribution of half the cost is reasonable.

I also consider that an additional sum of £150 is warranted to reflect the delay in attending and coming back to fit the parts while Mr N was without the use of a boiler and so without heating and hot water.

It is extremely disappointing that the engineer claimed for significantly more labour costs than were actually needed. I am pleased that UKI refunded the excess labour costs that Mr N paid.

my provisional decision

I intend to uphold this complaint in part and require UK Insurance Limited to pay Mr N half the cost of the new boiler, and £150 compensation for the distress and inconvenience caused by its handling of his claim."

responses to my provisional decision

I invited both parties to respond to my provisional decision with any further information or evidence they want considered.

Mr N has confirmed he accepts my provisional decision.

UKI does not accept my provisional decision. UKI says it attended Mr N's property three times in 2018. On the second visit (a few months before this claim) it changed the condensate pipe assembly and reported that the boiler was in very poor condition.

On the last visit, which is the subject of this complaint, its engineers advised against repairing the boiler, as so many parts would be required to ensure it worked properly. However, it did try and repair the boiler by replacing some parts. When it became apparent that more parts were required, it determined the boiler to be beyond economic repair. UKI says its obligation is to ensure that any repair done lasts and if it can't guarantee this, the boiler will be written off, in line with the terms of the policy. Overall, it says the decision to declare Mr N's boiler beyond economic repair was based on the age and condition of the boiler; the parts that its engineers considered would be required to successfully repair the boiler; and the policy limits. It does not agree that the condense trap was blocked, as this would have been checked, and it was replaced only a few months prior anyway.

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.

UKI has stated in in response to my provisional decision that it changed the condensate pipe a few months before this claim and that it would have been checked again in dealing with this claim. It says therefore that a blockage or other problem with the condensate pipe cannot have been the cause of the boiler breaking down in October 2018.

This has not been stated previously at any point. And there is, as far as I am aware, no contemporaneous evidence of the condensate pipe being checked in October 2018 or having been replaced earlier in 2018.

UKI also says the decision to write off the boiler was because its engineers didn't think a lasting repair could be done within the policy limits and their general consideration of the age and poor overall condition of the boiler.

However, the policy has very specific definition of 'beyond economic repair' as follows:

“Beyond economic repair: When the cost of repairing your boiler exceeds 85% of the manufacturer’s current retail price (or if this is not available, the average current retail price available through leading UK suppliers) for a boiler of the same or similar make and model to your boiler.”

As stated in my provisional decision, UKI’s engineers have not provided any cost analysis to establish that the boiler was beyond economic repair in accordance with the policy terms.

I also note that UKI’s file contains a note dated 1 October 2018, which says: *“The age of the boiler is 9 years + & the condition is described as ok”*. I have not seen any other contemporaneous evidence of the *“very poor”* condition of the boiler that UKI relies on.

Given this, I remain of the opinion that there is some doubt about the boiler being beyond economic repair. I also remain of the opinion that it would be fair and reasonable in all the circumstances of the complaint for UKI to pay half the cost of the replacement boiler and £150 compensation for the handling of the matter.

my final decision

I uphold this complaint in part and require UK Insurance Limited to pay Mr N half the cost of the new boiler and £150 compensation for the distress and inconvenience caused by its handling of his claim.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr N to accept or reject my decision before 29 July 2020.

Harriet McCarthy
ombudsman