

complaint

Mr B is unhappy with Society of Lloyd's handling of a claim made under a boiler insurance policy.

background

Mr B reported a problem with his boiler in January 2015. Lloyd's attended and diagnosed that the heat exchanger was blocked with sludge. It cleaned the heat exchanger and the boiler worked again. However, shortly afterwards it stopped working again. Lloyd's refused to come back out, as it said that the problem was sludge in the system and this is excluded from cover under the policy. It told Mr B that he needed to have a powerflush of his central heating system and it couldn't help him until he had this done.

Mr B got his own engineer to attend, who replaced the expansion vessel and pressure relief valve at a cost of £147.60. He apparently didn't think that a powerflush was required. Mr B complained about Lloyd's and has made the following points:

- the diagnosis made by Lloyd's in January was incorrect.
- It "aggressively" tried to push him into having a powerflush at huge cost, when it wasn't needed.
- Lloyd's effectively blackmailed him by suggesting that if he didn't have an expensive powerflush, it would invalidate the policy and that no engineers will attend again.
- The exclusion of any problems caused by sludge and scale is hidden in the small print of the policy.
- His policy includes an annual service of the boiler but he doesn't think that Lloyd's carried this out in accordance with the manufacturer's guidance, which includes the cleaning out of vital boiler components including the heat exchanger.

Mr B wants the private costs he paid to be reimbursed and for Lloyd's to refund one year's premium.

One of our adjudicator's looked into the complaint and concluded it should be upheld. Lloyd's didn't agree as it doesn't consider that it has done anything wrong. It says that Mr B is required, in accordance with general insurance principles, to establish he has a valid claim under the policy. It is prepared to consider the invoice he's provided for payment but needs to investigate the cause of the fault further before making any payment. Lloyd's says it previously requested this information and never received it.

As a result, 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.

Lloyd's is correct that a consumer has to establish, on the balance of probabilities that an insured event has occurred in order to have a valid claim. But it is also a general insurance principle that, if an insurer wants to exclude an otherwise valid claim, then it has to establish on the balance of probabilities that an exclusion applies.

Mr B's policy covers damage to the central heating boiler and excludes damage caused by or arising from sludge or debris in the system.

But Mr B's engineer diagnosed that the expansion vessel and pressure relief valve needed replacing and having replaced them, the boiler has apparently worked fine ever since. Mr B therefore had damage to the boiler, which is an insured event. If Lloyd's wants to rely on the exclusion of damage caused by sludge, it has to establish that sludge caused this. Mr B is not required to prove the cause of the damage or that it was not caused by sludge.

Lloyd's engineer cleaned the heat exchanger and diagnosed sludge in the system but he did not manage to actually repair the boiler and didn't diagnose the fault with the expansion vessel and pressure relief valve. There is no evidence provided by Lloyd's that the parts would have been damaged as a result of any sludge in the system. Therefore I don't consider that it has established that the exclusion should reasonably apply in this case. I therefore agree with the adjudicator that the cost Mr B incurred in having these replaced should be reimbursed together with interest at our usual rate.

I agree with Mr B that the exclusion that Lloyd's tried to rely on is not as clear as it should be in the policy documentation. However, as I've decided that it doesn't apply in this case, I don't think I need to take this aspect of the complaint any further.

With regard to the boiler service, Lloyd's says that this was carried out in accordance with its normal annual inspection checks. From what it has said it would appear that it carried out a safety check, rather than a full service, which as Mr B says would normally involve cleaning of various components. However, it doesn't appear that this has had any detrimental effect.

Mr B asked for his annual premium to be refunded. I agree that some additional compensation is warranted in this case, in addition to the reimbursement of the engineer's fees. I think that the sum of £150 is appropriate for the trouble and inconvenience caused to Mr B by the handling of his claim, including the fact he had to get his own engineer to fix the boiler, when he had taken insurance to avoid having to do just that.

my final decision

I uphold this complaint against Society of Lloyd's and require it to pay Mr B:

- The sum of £147.60 together with interest at 8% simple per annum from the date he paid his engineer to the date of reimbursement; and
- The sum of £150 compensation for the trouble and inconvenience caused by the handling of this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 November 2015.

Harriet McCarthy
ombudsman