

## **complaint**

Miss B complains that Aviva Insurance Limited is responsible for mishandling her claim in connection with a home emergency insurance policy.

## **background**

The Financial Ombudsman Service deals with a complaint about a claim under an insurance policy as a complaint against the insurance company responsible for dealing with the claim. In our final decision we name the insurance company but we don't name anyone else.

Miss B was living with a baby. She had a policy that covered her central heating boiler. The policy was in the name of a home assistance company.

Aviva was the insurer responsible for dealing with claims. Where I refer to Aviva I include the home assistance company and others insofar as I hold Aviva responsible for their actions.

Miss B's boiler was over seven years old. The policy provided as follows:

*'If the boiler is deemed beyond economical repair and is 7 years or older, we will source, replace and install a new boiler but you will be required to pay the installation costs. We will provide for you, a quote for this work'*

On 18 January 2019 Miss B's boiler broke down. On about 23 January 2019 Aviva said it was beyond economic repair ("BER"). It was prepared to supply a new boiler free of charge. But it quoted £1,213.04 for installation (plus £149.00 for a filter). Miss B got a lower installation quote elsewhere. Aviva offered £369.00 in lieu of supplying a new boiler.

Miss B complained. Aviva wrote a final response letter dated 1 February 2019.

On 7 February 2019 Miss B wrote a letter of complaint to the home assistance company with a copy to us. She asked the company to supply a new boiler free of charge. The company didn't do so. Miss B engaged a local company to supply and install a new boiler.

## *our adjudicator's opinion*

Our adjudicator treated the complaint as against the home assistance company. He recommended that the complaint should be upheld. He thought that the home assistance company should've agreed to provide the boiler as there was no financial detriment.

The adjudicator recommended that the home assistance company should - upon receipt of an invoice showing the cost of the boiler - pay Miss B the difference between what it cost her for the replacement boiler and what the company had already contributed.

## *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Miss B and to Aviva on 28 February 2020. I summarise my findings:

On 1 February 2019 Aviva said it would arrange payment of £449.00 within the next few days. From the call recording I was minded to find that Miss B accepted that offer.

I was minded to find that the payment of £449.00 completed a settlement agreement. That was the main reason that I wasn't minded to find it fair and reasonable to direct Aviva to pay Miss B the balance of the cost of her boiler - or any further payment.

Subject to any further information from Miss B or from Aviva, my provisional decision was that I wasn't minded to uphold this complaint. I didn't intend to direct Aviva Insurance Limited to do any more in response to this complaint.

Aviva says it has nothing to add in response to the provisional decision.

Miss B disagrees with the provisional decision. She says, in summary, that:

- The baby wasn't hers.
- The policy wording was misleading. It didn't say she was duty-bound to accept Aviva's installation quote in order to qualify for the boiler.
- The call on 26 January 2019 was also misleading. Aviva said she could get an alternative installation-only quote from a Gas Safe Registered engineer. This led her to believe that the home assistance company would supply the boiler to be fitted.
- Any fault with the installation would fall to the company/engineer that fitted it. If there was a fault with the boiler within the first year, the responsibility would have been with the supplier and thereafter the manufacturer.
- If she was being given no choice but to accept Aviva's quote to qualify for the boiler, she would expect their charges to be fair and equitable which at 3 times the current market rate they were not.
- She was able to source, supply and fit the boiler for the same cost.
- The boiler was a combination boiler providing heat and hot water, meaning she was without both for over a month in freezing temperatures.
- All her searches suggested the boiler was approximately £900 plus VAT.

### **my findings**

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

From what I've seen, Miss B had an old boiler. From Aviva's file, I see that the policy was renewed on 13 March 2018. Miss B says she was paying Aviva the yearly premium by instalments of about £30.00.

Miss B already had a problem when she contacted Aviva in January 2019. That's why she contacted Aviva. Her old boiler had broken down during a period of very cold weather. Some of the spare parts necessary to repair it were obsolete. So she was going to need a new boiler and that was bound to take some time.

On Sunday 20 January Aviva disconnected the old boiler from gas and electricity. It left three electric fan heaters. Miss B said later (in her letter of 7 February 2019) that Aviva sent her £50.00 as compensation for the cost of running the heaters.

I've listened to the call on 26 January 2019. Miss B was complaining about Aviva's quote of over £1,200.00 for installation. And she was asking whether she could get a local Gas Safe engineer to provide an alternative – lower – quote. I consider that it was implicit that Miss B was still expecting Aviva to supply a new boiler free of charge.

The call-handler said Miss B could get a quote and send it in. That wasn't a commitment that Aviva would supply a new boiler to her installer.

I can understand that Miss B wanted Aviva to send her a free boiler but didn't want to pay its quote for installation. And – as the final response letter later acknowledged – the call-handler could've been clearer. And the call-handler didn't say what Aviva later said – that it wouldn't supply a free boiler to Miss B for someone else to install.

So Miss B got a quote for installation (and supply of the filter) of £450.00 plus VAT – a total of £540.00. She sent that quote to Aviva. It declined to provide a replacement boiler for someone else to install. Aviva had caused some delay as the weather got even colder.

Aviva said it would pay the £369.00 the boiler would've cost it – without VAT. Miss B couldn't get a replacement boiler at that price – or without paying VAT.

I consider that Aviva had caused Miss B some delay over and above the time a claim would usually take.

But in my view the policy didn't require Aviva to supply a new boiler for installation by others. And a telephone call couldn't change that. So I don't find that Aviva treated Miss B unfairly by offering her the alternative of £369.00.

With Miss B's agreement, the policy was cancelled. But a few days later an instalment of about £30.00 was collected by direct debit.

I've listened to the call on 1 February 2019. From that, I find that Miss B understood that Aviva was only offering £369.00 in lieu of a free boiler. She said she was only asking for a further £50.00 – and a rapid refund of the recent direct debit of £30.00.

The call-handler checked the amount of the refund and told her it would only be £7.42. So he offered to increase the £50.00 by £30.00 to £80.00. That was in addition to the £369.00 (making a total of £449.00) and the refund of £7.42 which had already been processed for payment. He said he would arrange payment of the £449.00 within the next few days.

From the call recording I find that Miss B accepted that offer. Aviva wrote a letter the same day. It included the following:

*“In full and final settlement of your complaint, you have agreed and accepted my resolution of £449 compensation, this includes the £369 boiler cost and £80 for distress and inconvenience.”*

And I find it likely that the money arrived in Miss B's account before 7 February 2019.

In her letter of complaint dated 7 February 2019, Miss B omitted to mention the call or letter dated 1 February 2019 or the payment of £449.00. But she asked Aviva to increase its offer and to supply a boiler.

She said she had got a revised quote of £1,652.00 for supply and installation. She said this made the cost of the boiler £900.00 plus VAT (which I find is £1,080.00). So I think she was deducting about £572.00 for installation. I haven't seen that quote.

I've seen an invoice dated 8 March 2019 for the supply and installation of the new boiler. It is not from the same installer who did the installation quote of £540.00. The invoice is for £1,350.00 plus VAT - a total of £1,620.00. The installer later broke that down as follows:

for the boiler	£1,014.00 plus VAT (£202.80)	a total of £1,216.80
for labour	£336.00 plus VAT (£67.20)	a total of £403.20
total		£1,620.00

I find that the payment of £449.00 completed a settlement agreement. That's the main reason that I don't find it fair and reasonable to direct Aviva to pay Miss B the balance of the cost of her boiler - or any further payment.

In any event, the policy didn't require Aviva to supply a new boiler for installation by others. So I find its offer of £369.00 fair and reasonable. And I find Aviva's payment of £80.00 fair and reasonable for causing delays and their effects on Miss B.

So I don't find it fair and reasonable to direct Aviva or to do anything further in response to Miss B's complaint.

### **my final decision**

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct Aviva Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 13 April 2020.

Christopher Gilbert  
**ombudsman**