

complaint

Ms C complains about the service she received under a home emergency policy underwritten by Ambant Underwriting Services Limited ("Ambant").

background

Ms C took out a home emergency policy to cover her central heating boiler, which had been installed in 2008. As part of the policy she was entitled to an annual service for her boiler arranged through Ambant. Her boiler was serviced under this arrangement in June 2016. She cancelled her policy with Ambant in November 2016, and took out a new home emergency policy covering her boiler with a company I'll call "NewCo".

In February 2017 her boiler failed and she called on NewCo for assistance under her new policy. NewCo said that the boiler was beyond economic repair. Advice she received from NewCo, from the boiler's manufacturer, and from the company which supplied a replacement boiler all suggested that the boiler's failure was caused by poor servicing. So she asked Ambant to pay for the replacement boiler.

Ambant didn't accept it was responsible for the failure of the boiler. It said that at the time it serviced the boiler in June 2016 there was nothing to suggest the faults which led to the boiler's failure.

Our investigator recommended that this complaint should be upheld. He said that for him to agree that Ambant had any responsibility for the boiler failure, he would need to be satisfied, on the balance of probabilities, that:

- there was a fault, sign of wear, or other irregularity present during the last annual service which was connected to the boiler later failing; and
- Ambant reasonably ought to have identified that during the annual service.

Ms C had produced the following reports from NewCo, the boiler's manufacturer, and the company which supplied a replacement boiler:

NewCo

"Burner gasket obliterated and burnt electrodes and surrounding parts...Boiler has been serviced but they haven't checked the burner"

The boiler's manufacturer

"no visible system filter..."

...arrived to find thermal incident. Would appear burner seal failed possible overheat as hear cell severely ribbed. Various components damaged by incident. Fan, flue duct, burner gasket, LV harness, ignition harness, flue adapter, flow elbow manifold etc"

The company which supplied a replacement boiler

"We believe this boiler required to be replaced due to bad servicing of heat exchanger"

The investigator thought the weight of evidence pointed towards there having being an issue with the boiler's burner present during the last annual service that Ambant ought to have identified and pointed out. In view of the age of the boiler, he recommended that Ambant pay half the cost of the replacement boiler - £950 - plus interest and compensation of £150.

Ambant responded to say, in summary, that:

- the boiler operated satisfactorily for 7-8 months after the last service before it failed;
- the engineer who carried out the service was experienced and well regarded. If there had been any apparent signs of wear and tear or degradation visible when the service was carried out he would have noted it;
- its engineers wouldn't touch the heat exchanger during a service in the absence of any indication from the standard servicing tests;
- the fact that the burner seal failed didn't mean that an engineer servicing the boiler eight months previously would have found anything to indicate this would happen.

The investigator asked Ms C to put Ambant's comments to NewCo, the boiler's manufacturer, and the company which supplied a replacement boiler, and invite their comments. She received the following comments:

The boiler's manufacturer

"A manufacturer's instructions during service states 'ensure seal is correctly fitted; if damaged replace with new seal'"

"The seal should be replaced every 4 years as a maximum to avoid seal failure if it hasn't been replaced for a number of years"

"As the boiler heat exchanger is noted to have "ribbed", this would point to prolonged heat damage to the heat exchanger over a period of time. We would expect that there would have been signs of this at the time of servicing. It is very unusual for the heat exchanger to fail in such a way over a short space of time."

NewCo

"Due to the condition of the burner and gasket, there would be, at the very least, some visible damage to the parts and so it is not unreasonable to expect your service engineer to identify this, even if it was minimal".

The investigator asked Ambant to comment on these responses, but it has failed to do so.

my findings

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

If I am to agree that Ambant had any responsibility for the boiler failure, the test, as the investigator has said, is that I need to be satisfied, on the balance of probabilities, that:

- there was a fault, sign of wear, or other irregularity present during the last annual service which was connected to the boiler later failing; and
- Ambant reasonably ought to have identified that during the annual service.

On balance, I conclude that it's likely that an issue was present with the boiler's burner during the last annual service that Ambant ought to have identified and pointed out to Ms C.

In view of the age of the boiler, I think it's fair that Ambant pay half the cost of the replacement boiler - £950 - plus interest, and compensation of £150 for the trouble and upset Ms C has suffered.

my final decision

My decision is that I uphold this complaint, and order Ambant Underwriting Services Limited to pay Ms C:

1. £950 towards the replacement cost of the boiler;
2. interest on the amount in 1, above at the yearly rate of 8% simple from the date the replacement boiler was installed until settlement;⁽¹⁾ and
3. compensation of £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 7 December 2017.

Lennox Towers
ombudsman

(1) If Ambant considers it's required by HM Revenue and Customs to withhold income tax from that interest, it should tell Ms C how much it's taken off. It should also give Ms C a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue and Customs if appropriate.