

complaint

Mr Z's complaint concerns his boiler cover with SSE Home Services Limited.

background

Mr Z took out the policy with SSE in 2013 to cover the boiler in a property he rents out. The boiler was inspected in November 2013 and during each annual service since.

Mr Z made a claim in May 2017, as the boiler was having problems maintaining pressure. SSE attended the next day but said the necessary part required to fix the boiler was no longer available. SSE advised Mr Z to replace the boiler, as it was over 15 years old. It quoted for a new boiler but Mr Z said he couldn't afford to replace it. After several phone calls and Mr Z registering his unhappiness with the situation, SSE said it would attend with the part required and fix the boiler. However, Mr Z's tenant waited in all day but apparently no-one turned up.

SSE says it tried its best to source the part but wasn't able to. It wasn't therefore able to do anything further for Mr Z. SSE did however, offer £50 compensation.

Mr Z is very unhappy with this. He says he has found out that the part has been obsolete since 2013. He asked for a refund of all his premiums or 30% off the new boiler installation. SSE refused and I understand Mr Z has now had the boiler replaced by his own contractor. Mr Z still wants the premiums refunded, as he says the policy was never suitable for him; SSE could never have repaired his boiler. Mr Z has made a number of points in support of his position, which I have summarised below:

- SSE didn't even try and find the part required for his boiler but immediately told him to replace the boiler.
- After he insisted, SSE attended again on 26 June 2017 and cut off the boiler.
- Whilst his boiler was working SSE was happy to keep accepting his payments but when it broke down, and he needed its help, it deemed the parts obsolete and refused to repair it.
- His policy states: *"4.15 Some system makes and models are not suitable for our gas care products. If this is the case you will be advised of this either during or shortly after our initial inspection or any subsequent visit. However, you may be required to make a payment(s) in accordance with clause 3.1 before the initial inspection. If this happens and we later identify at the initial inspection that your system is not suitable for our gas care products, we will cancel this agreement and refund any monies that we have received from you in the current contract year."* SSE should have informed him that his boiler was not suitable for the policy and refunded his premiums.
- As there are parts of his boiler that are no longer manufactured it makes it ineligible for the cover.
- SSE could have easily discovered the increasing list of parts that were obsolete by looking at the manufacturer's product list.
- SSE said his cover would be cancelled with immediate effect in two different letters dated 21 June and 3 July 2017. However, SSE took payments from his account on 28 July and 28 August 2017. He then received notice that his policy would renew on 3 November and he was informed by his bank that SSE was trying to set up a new direct debit in November 2017.
- He didn't get the £50 it offered in July 2017.

SSE has also made a number of submissions, including the following:

- It tried to get the genuine part from all reputable suppliers but couldn't; it also tried to get an alternative brand one but couldn't find a suitable alternative. The initial inspection was to determine that the boiler was functioning properly and safely.
- The parts available for older boilers does start to diminish but this does not mean that there is no benefit available under the policy. There may be occasions where older parts that aren't available could be replaced with modern alternatives; and parts can be officially obsolete (as in no longer being manufactured) but still in circulation.
- It would be unreasonable to expect SSE to check the availability of every critical part at each service, as this would require contacting all manufacturers and suppliers to determine the availability of every part.
- It would not be notified by any manufacturers when they render a part obsolete; it would only find out when it came to try and source a part and found it unavailable.
- Mr Z's boiler was working for a long time and breakdown and emergency cover was provided for that time.
- Mr Z applied for the policy on-line and it provided no advice about whether the policy was suitable for him or not.
- Its terms and conditions, sent to Mr Z when he first took out the policy and at each renewal since, make clear what will happen if parts are unavailable.

One of our adjudicators looked into the case. He initially thought that it was unlikely Mr Z could have benefited under the policy at all. However, he subsequently recommended £100 compensation because while he didn't think the entire policy had been of no potential benefit to Mr Z, he did think SSE should have warned him that parts would have started to be more difficult to obtain.

SSE accepted the adjudicator's assessment but Mr Z did not. The matter has therefore been referred 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.

Those selling insurance have a responsibility to provide clear information about the cover being provided, the cost and any significant terms or conditions. The information provided to the buyer must put them in a position to make an informed decision about whether or not to take the policy.

I understand that Mr Z took out the policy online. His boiler was apparently at least 13 years old at that time. SSE did not provide any advice on the policy and so it did not have to take any steps to ensure it was suitable for him at that time. It merely had to provide him with sufficiently clear information so that he could make a properly informed choice whether or not to take it.

In order to do so, we would expect that any significant or unusual terms should be made clear. However, there are no particular policy terms that SSE is relying on that mean Mr Z's boiler can't be repaired. Instead he says he should have been warned as soon as SSE knew how old his boiler was, and at each subsequent renewal of the policy, that the parts available

for his boiler were dwindling and so there may be limitations to what repairs could be carried out, if it broke down.

It seems to me that most consumers would be aware that parts for such appliances might become difficult to obtain; and I don't consider that it can reasonably be expected that a (relatively old) boiler would be replaced if that arose. And I don't agree that SSE was required to regularly update Mr Z on what parts might or might not be available. As it says, this would be difficult to do with any degree of accuracy; some parts remain in circulation long after the manufacturer no longer produces them; and it can use alternative brands sometimes as well. Not all parts for this boiler are obsolete and some repairs don't need replacement parts.

Mr Z says SSE didn't try and find the parts but SSE's file does show that it made attempts to do so; and there's no evidence as far as I can see that the required part was in fact available and the boiler could have been repaired.

The policy did therefore provide cover for Mr Z. It is not a case where there was effectively no insurance cover provided, which would warrant refund of the premium. It would be unfair for a consumer to pay for cover for their boiler if there were no circumstances at all in which the provider would be able to conduct a repair. But I don't think that was the situation here.

Mr Z also refers to a policy term which provides that SSE might determine that the boiler is not suitable for cover at the first inspection. I don't think he has established that this term should have been applied in his case. This would normally be in cases where no cover can be provided for the boiler, due to its condition when the policy is taken out or the type of system. And as I've said, I'm not satisfied that SSE would never have been able to carry out any repair on Mr Z's boiler for the entire period of the policy.

Mr Z says he was still charged for July and August premiums, after he was told his policy had been cancelled. SSE said it would waive those payments and also send him £50. It is not clear whether Mr Z has now received a refund of the two premiums. If he has not, I expect SSE to do that now.

I also agree with the adjudicator that some additional compensation is warranted, albeit for slightly different reasons. There was some initial uncertainty about the part required and whether it could be found or not; and SSE continued to take the premiums after the boiler was no longer covered. I consider the sum of £100, together with the £50 already offered is appropriate in all the circumstances.

my final decision

I uphold this complaint this complaint against SSE Home Services Limited and require it to:

- pay Mr Z a total of £150 compensation for the distress and inconvenience caused by its handling of his claim, (if it has already paid the £50 it previously offered, it can deduct that from the payment due to Mr Z); and
- refund the two premiums taken from Mr Z's account, together with interest at 8% simple per annum from the respective dates they were taken to the date of reimbursement. If it has already refunded those premiums, it should provide evidence of this to Mr Z.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 28 April 2018.

Harriet McCarthy
ombudsman