

complaint

Mrs B complaint arises from the service provided by Royal & Sun Alliance Insurance plc ("RSA") in connection with a home emergency insurance policy.

RSA uses agents to administer the policy on its behalf and also to deal with claims and complaints. Any reference to RSA in this decision should be read as including anything said or done on its behalf by those agents.

background

Mrs B has held the policy from late 2016. It includes cover for her central heating system and an annual service of the boiler. RSA didn't underwrite the home emergency cover until the policy renewed in late 2017.

On 29 December 2018, Mrs B contacted RSA to make a claim under the policy, as her boiler stopped working. It sent an engineer out to look at the boiler. The engineer said the condensate pipe was blocked and so cleared that but he also said there was a leak from the plate to plate heat exchanger, which was caused by a build up of scale. RSA said that damage caused by sludge, scale or other debris in the system, is not covered under the policy.

Mrs B instructed her own engineer, who essentially agreed with the diagnosis of why the boiler wasn't working but said it could have been prevented. He advised Mrs B to replace the boiler which cost her just over £3,000. Mrs B is very unhappy with this and has made a number of submissions in complaint to RSA which I've summarised below:

- She understands that sludge isn't covered by the policy but this is a scam, as RSA could simply say anything is wrong with the boiler. The checklist provided to her by RSA doesn't say much.
- There were issues that had been occurring with the boiler for some time that were never dealt with properly by RSA.
- RSA still took a premium in January 2019, when her boiler had not been working for around a month.
- When the boiler was serviced by RSA as part of the cover, it reported that there were "no visible leaks" but there were some very visible leaks from her boiler, shown in photographs she has sent to us, and corrosion in several places. This damage didn't happen quickly and would have been building up for some time.
- Her engineer confirmed in a report that there was not much sludge in her central heating system.
- RSA failed to properly service the boiler in 2017 and 2018, if it had then the scale build up on the heat exchanger would have been spotted and could have been dealt with sooner.

RSA says it cancelled the policy with effect from 22 January 2019 it also said that testing for sludge or scale would not form part of the normal boiler service and this is specifically excluded in the contract wording: "*Annual Boiler Service The annual boiler service does not include: Testing the system for the presence of sludge*".

Our investigator recommended that the complaint should be upheld. She didn't think Mrs B was given enough information to be able to mitigate her own losses. The investigator didn't think RSA had demonstrated why the engineers didn't check for scale as part of the previous

annual services. She recommended that RSA should refund the cost of the new boiler (£3,074.56).

Mrs B agreed with the investigator's opinion, save that she says there was an additional labour cost of £85.00, which she would like included in the award.

RSA disagreed with the investigator's opinion. It offered Mrs B £200.00 compensation. RSA has made a number of points, summarised below:

- It agrees that there were a number of issues with Miss B's boiler which would have taken years to develop. But no leaks have ever been reported to it previously, so it's fair to assume there was probably a leak before its policy started, which was repaired but "*left it's mark on the boiler*". As this would have been before the insurance policy, it would not be covered.
- It only serviced the boiler in 2017 and 2018 and it has not seen any service records from before then.
- Due to the age, make and model of the boiler, it was at the end of its lifespan, even without the scale issue. The typical lifespan of Mrs B's boiler is 8-10 years, if it is well maintained. So, even if the scale had been pointed out to Mrs B earlier, it would only have meant that the boiler would have been replaced earlier – it would still have needed to be replaced.
- This policy covers breakdowns and repairs and is not an advisory service as to when a customer should replace the boiler. The only time it will advise if the boiler needs to be replaced is if the boiler cannot be repaired and / or is beyond economical repair.
- It accepts there are concerns about the standard of the annual service in 2018. The engineer that attended in December 2018 said he'd had to clean out the condensate trap but this should have been done as part of that service and should not have built up enough to need doing again within four months. RSA says there was a fault with the ignition, which could cause more products of combustion and could explain why this has filled up again but it acknowledges this is a concern.
- However, its engineers can only deal with faults as they occur. The boiler was working and no leaks or faults had been reported until 28 December 2018, so there was nothing that it could have done before that.

RSA does not therefore agree to reimburse the cost of the new boiler, but offered £200 compensation to reflect the lack of advice given by the service engineer.

As a result of RSA's submissions, our investigator changed her view. She recommended that RSA's new offer was fair and reasonable. She said that in addition RSA should – as cover ceased on 22 January 2019 - refund the payment of £20.75 in February 2019.

RSA agreed with the investigator's changed opinion.

Mrs B disagreed with the investigator's changed opinion and so the matter has been referred to me. Mrs B says she was never expecting the cost of the new boiler but she does expect some compensation for the six/seven weeks that she was without a working boiler because of the poor servicing of her boiler.

my findings

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

Mrs B's policy covers various issues that might arise with a central heating boiler but specifically excludes damage caused by sludge or scale:

"What is not covered

1.11. Damage caused by or arising from sludge, scale and other debris in the central heating system and related pipework."

The problem with Mrs B's boiler appears to have been scale on the heat exchanger – this is a result of a leak causing limescale to build up and eventually block it. While this is not covered, Mrs B says that the scale was allowed to build up to the extent it did because RSA had failed to service the boiler properly in previous years. Mrs B's engineer has supported this. His report says:

"It was obvious that the boiler has not been serviced or maintained properly over the years. There's a number of leaks on the boiler that have been leaking for a long time to cause the damage they have ie rust and scale. These are mainly from the Automatic air vent (on the main heat exchanger) and the washer on the hot connection, easily rectified by replacing the parts, this should have been discussed during the service and maintenance contract especially as leaking AAVs are quite common, I replace many. The leak from the AAV has caused a lot of damage/rust due to being left for so long. As for the hot connection it's just a washer that needs replaced so also should have been dealt with/discussed.

Other issues I found with the boiler again due to lack of service was the condensate trap being blocked solid, this trap is connected to the bottom of the heat exchanger so when blocked the condensation can't drain away and backs up (a well known issue with these boilers). Also found a lot of debris in the main heat exchanger, all of this should have been cleaned out during a service which should be done once a year."

Mrs B's engineer found a couple of other faults as well (with the expansion vessel and a gauge) and so advised it would be better to replace the boiler. He also provided evidence that the water in the system was not particularly dirty and that sludge was not a problem. I also notice that the checklist from the annual service on 6 August 2018 (despite British Gas saying this is not checked) says *"is the system free from sludge"* and the answer is 'yes'.

However, although RSA says the policy sets out that an annual service would not normally test for sludge it does not say it will not check for scale or other debris. Sludge is in the water circulating in the central heating system. I consider that looking for obvious scale build up on the components of the boiler would be something that should be done during an annual service, as would cleaning the condensate trap. Mrs B's engineer has stated that the scale was definitely older than five months old – and so would have been visible when the most recent annual service was done – and therefore it should have been raised and dealt with.

I accept that RSA is not responsible for the scale building up in the first place. It serviced the boiler twice and there's no evidence as far as I am aware that Mrs B had reported any leaks to it during the time it was providing the cover. Mrs B says there were some ongoing issues but I can't see any evidence of any claims or reports of this to RSA. Mrs B's engineer says the boiler was not well maintained but it was already a few years old before RSA began servicing it.

The policy also doesn't cover damage which is caused by scale.

The things that RSA may have done wrong therefore are not advising Mrs B that there was evidence of scale build up during the annual services in 2017, and in particular in 2018; possibly not cleaning out the condensate trap; and not finding a leak on the air vent.

There's no evidence that failing to clean out the condensate trap has resulted in the damage to the boiler. RSA says the heat exchanger was leaking due to scale build-up. Mrs B's engineer doesn't state that this is incorrect. He refers to two specific leaks (although he says there were others) one on an air vent attached to the heat exchanger, which he says have caused rust and scale to build up as they were not repaired. However, he doesn't state how those leaks started. I have nothing to contradict therefore that (the main leak) was caused by the build-up of scale within the heat exchanger.

If RSA had told Mrs B that there was a build up of scale in the heat exchanger and that the boiler was likely to need to be replaced (or have extensive repairs to it – that would not have been covered by the policy) I don't think that would have made much difference to Mrs B's position. She would have either had that work done sooner than she did, or she would have carried on with the boiler hoping it would continue working for as long as possible. Mrs B's boiler was still working until December 2018.

Overall therefore, although I have a lot of sympathy for the position Mrs B found herself in, I consider that the offer of £200 is not unreasonable to reflect the fact that the condensate trap may not have been cleaned out properly and that RSA could have told Mrs B that there was likely to be some problems with her boiler in the future.

my final decision

For the reasons I've explained, my decision is that Royal & Sun Alliance Insurance plc should pay Mrs B the sum of £200 compensation for the distress and inconvenience caused by its handling of her policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 16 April 2020.

Harriet McCarthy
ombudsman