

## **complaint**

Mr M complains that Society of Lloyd's is responsible for poor service under a home assistance insurance policy.

## **background**

Mr M has a boiler made by a well-known manufacturer and installed in 2007. In 2016 he called his insurer for help with his boiler. He complained about its service.

Our investigator recommended that the complaint should be upheld in part. He thought that Lloyd's could've been clearer in the information it provided. He recommended that Society of Lloyd's should pay Mr M £100 for the inconvenience caused.

Society of Lloyd's agrees with the investigator's opinion.

Mr M disagrees. He says, in summary, that the insurer should refund all his premiums plus compensation and £400.00 towards a new 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.

The Financial Ombudsman Service deals with complaints against insurance companies and other regulated financial services firms. We can't generally deal with complaints against other businesses.

Mr M had a policy in the name of an insurance provider. Society of Lloyd's was the insurer responsible for dealing with claims.

Where I refer to Society of Lloyd's or the insurer, I include engineers and others for whose actions I hold Society of Lloyd's responsible.

Mr M's annual boiler service was provided by a maintenance company. It wasn't covered by the insurance. So I can't hold Lloyd's responsible for the quality of the annual service.

Mr M's policy covered his boiler, central heating and other parts of his home such as plumbing and electrics.

As his boiler was between seven and ten years old, the policy provided £400 towards the cost of a replacement.

But, like most similar insurance policies, Mr M's didn't cover equipment which hadn't been installed properly - or faults existing at the time he took out the policy.

Mr M called for help in mid-December 2016. The insurer's engineer said he needed a replacement diverter valve. The insurer arranged for the boiler manufacturer to send an engineer on 21 December 2016.

The manufacturer's engineer didn't replace the diverter valve – saying that someone had ordered the wrong one.

But the manufacturer's engineer reported as follows:

*"BER. flue incorrectly fitted which has damaged flue seal which is bringing con water and poss POCs back into boiler damaging burner, fan, hex, pcb, wiring harness complete, display, display lead and gas valve."*

I think the abbreviations were as follows:

*"BER"* meant the boiler was beyond economic repair

*"con water"* meant condensate water

*"POC"* meant products of combustion

*"pcb"* meant the printed circuit board

So the engineer was saying that an incorrectly fitted exhaust flue had caused water damage to major components of the boiler, making it uneconomic to repair.

I haven't seen any other engineer's report.

So I accept the opinion of the manufacturer's engineer. I think that someone (for whom Lloyd's wasn't responsible) had installed the flue incorrectly. This has caused water damage to the flue seal and many other important components of the boiler. This included the display.

I think Lloyd's should've been clearer that it wouldn't cover the water-damaged parts of the boiler— but that its policy still covered other parts of the central heating system and plumbing and electrics.

Instead Lloyds gave confusing information.

Its file note indicates that it told Mr M that if he got the flue correctly installed, it would continue with the repair (which I think meant replacing the diverter valve and the display). Lloyd's has said that its call handler got this wrong. I agree.

Mr M engaged an engineer privately. Mr M says that engineer got the boiler working by replacing a worn seal inside the pipe.

From what Mr M says, the central heating has since worked well. So I don't think there's enough evidence that it needs a replacement diverter valve.

Lloyd's final response letter included the following statement:

*"[insurance provider] are still amenable to providing cover for your boiler as long as any loss falls within the terms and conditions. However, should any further damage be caused as a result of the incorrectly installed flue, this would not be covered under the terms of the policy".*

I think that was yet another example of confusing information. The manufacturer had already said that the incorrectly installed flue had caused damage to many other important components of the boiler. So I don't think there were many boiler components that the policy would cover.

From what he says, Mr M cancelled the policy in July 2017.

I've thought about what's fair to put Mr M in the position he was entitled to be in.

I don't think it would be fair to order the insurer to contribute £400 or any other sum towards the cost of replacing a boiler which had become BER because it had been installed incorrectly.

I don't think that it would be fair to order the insurer to make any refund of premium. I say that because I think the insurer provided cover in line with the terms of the policy.

For incorrect or confusing information I don't find it fair to hold the insurer to what it incorrectly said. Rather I find it fair to assess the trouble and upset the mistake caused Mr M.

From the file I can see that he was inconvenienced and frustrated. But the lack of central heating was caused by his boiler and he acted promptly to get it working.

Overall I find it fair and reasonable to order Lloyd's to pay Mr M £100 for trouble and upset.

#### **my final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I order Society of Lloyd's to pay Mr M £100 for trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 October 2017.

Christopher Gilbert  
**ombudsman**