

complaint

Ms G complains about the installation cost of a new boiler under her home emergency policy provided by Aviva Insurance Limited.

Aviva has had contractors working for them during this claim, so any reference to Aviva also includes its contractors.

background

In December 2017 Ms G's tenant reported that the boiler in her property had stopped working. Aviva attended a day later but said the boiler was beyond economic repair. Under the terms of her policy it said she was entitled to a free boiler replacement, but she'd need to pay the installation costs.

Aviva was due to return to Ms G's property but missed an appointment. When it did attend Ms G said she was given a quote of £1,500 for the installation. Ms G asked for a breakdown of the cost. Aviva provided one. Ms G wasn't happy with the service provided by Aviva so she hired her own contractor to install a boiler at a cost of £1,670. The invoice provided by Ms G for this said the installation was free. She complained to Aviva about the service she'd received and the policy terms, she asked that the cost of her boiler be covered by Aviva.

Aviva said it would have paid £402 for a new boiler, so this is what it offered to reimburse Ms G. It also recognised it had missed an appointment which had caused a delay in the claim. It offered Ms G £100 to recognise the impact of this.

Ms G didn't accept this and brought the complaint to our service. Our investigator didn't think the policy terms were unfair, so Aviva was entitled to only pay what it would have paid to replace the boiler. She didn't think Aviva needed to do anything differently.

Ms G said the policy had been useless, so asked for her premiums to be refunded back to her. She said she didn't think Aviva had been clear when the policy terms had changed. She said because of the lack of transparency she couldn't make an informed choice about whether the policy was suitable for her.

As Ms G didn't agree, the matter has come to me to decide.

After the matter was referred for a final decision, the investigator asked Aviva whether it could show anything to demonstrate what the cost of the boiler would have been to it. Aviva sent some information to show its fixed costs for different types of boiler. But it said it had missed the VAT off, so it said Ms G was owed a further £82.40 for the 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 policy wording is clear that if a replacement boiler is necessary Ms G "*... will be required to pay the installation costs*". The term also says the replacement boiler will match the old one and provide the same heating and hot water. Ms G chose not to have Aviva replace the boiler, but she says Aviva should refund her the full cost of what she paid.

I've looked at the information provided by Aviva for what it would cost it to source the boiler. Insurance companies are often able to get discounts, so I'm satisfied that the total cost of £484.40, which is the total amount Aviva will pay Ms G, is correct. Aviva has already paid Ms G the £402, so all that's left to pay is £82.40.

Aviva accept it provided poor service when the claim was initially made. I've thought about whether Aviva's service was so poor that it was reasonable for Ms G to use her own contractor and for Aviva to pay the full cost of what Ms G incurred. But I don't think it should. Aviva missed an appointment at the start January, this delayed the claim by a few days.

Ms G asked for a breakdown of the installation cost as she thought it was too high. She thought Aviva was trying to cover the cost of the boiler. Aviva explained what the cost was for but couldn't give a more detailed breakdown as it said its costs were fixed. I think it did this in a reasonable amount of time, and from the claims notes Aviva provided the information before Ms G hired her own contractor.

I appreciate Aviva didn't tell her how much it would offer to pay as a contribution to the boiler at this stage. But having looked at everything, I don't think it would be fair for Aviva to pay Ms G more than it would have cost it to replace the boiler. Ms G's quote shows the installation for her boiler was free. But overall she hasn't been able to show she was able to purchase the boiler and have it installed for cheaper than what Aviva quoted her. So I haven't seen enough to persuade me that Aviva has inflated the cost of the installation to cover the cost of the boiler as Ms G has said. So I don't think it needs to contribute any more than it has.

Ms G has said her tenant was without heating for longer than she should have been during the winter period. Whilst I understand this would be frustrating for them, they're not customers of Aviva so I can't make it compensate them for any distress and inconvenience they experienced. But I think Aviva's offer of £100 for the distress and inconvenience caused to Ms G by the missed appointment and the small delay of around three days is fair and reasonable.

Ms G has said the terms of the policy have changed and Aviva hasn't been transparent about that. She's said as a result she hasn't been able to make an informed choice about whether the policy is suitable for her. Aviva's policy used to offer a £200 contribution towards a new boiler when the old one had been deemed beyond economical repair. It now offers a free replacement boiler, but the costs of installation must be paid by the policyholder.

I don't know if Aviva made it clear to Ms G that the benefit of the policy had changed, but it seems the policy now offers a larger contribution to the boiler than it did before. So I'm not persuaded that Ms G has lost out as a result of the policy changing or that it needed to bring it to her attention.

I appreciate Ms G would like her insurance premiums to be refunded to her, but I don't think that would be fair in the circumstances for the reasons given above.

my final decision

My final decision is that Aviva Insurance Limited needs to pay Ms G £82.40 to settle the claim. It should add 8% on this figure from the date it paid the claim until the date of settlement.*

It should also pay Ms G £100 compensation, if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 8 April 2019.

Michelle Henderson
Ombudsman

*Income tax may be payable on any interest paid. If Aviva Insurance Limited deducts income tax from the interest it should tell Ms G how much has been taken off. Aviva Insurance Limited should give Ms G a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.