

complaint

Mrs B complains about Acromas Insurance Company Limited's handling of her insurance claim for a fault with her boiler.

background

Mrs B held a 'Home Emergency Response' insurance policy, underwritten by Acromas. All references to Acromas include its appointed administrative agents.

In April 2011, Mrs B registered a claim under her policy with Acromas because she had no heating. An engineer attended the following day and, according to Acromas' notes, deemed Mrs B's boiler to be beyond economic repair. This was on the basis that the boiler was over 20 years old and it was unable to find the spare parts required.

Mrs B says she telephoned Acromas to complain following this engineer's attendance.

In early July 2011, Mrs B contacted Acromas to say she was still without heating and hot water. Mrs B informed Acromas that her boiler was only 7 to 8 years old and mentioned she had received an invoice seeking payment from the engineer who had attended in April.

The following month, Acromas agreed to arrange for a second engineer to attend at Mrs B's property. During this attendance, the engineer cleaned the plate heat exchanger. The engineer recommended that the plate heat exchanger be replaced and that a powerflush be carried out. The engineer confirmed Mrs B's boiler was 8 years old and noted it was "*still not fully working*".

In October 2011, Acromas wrote to Mrs B confirming that it had refunded her policy premiums totalling £215.88 and also sent her a cheque for £25, as a gesture of goodwill.

An unscheduled attendance took place later that month and Acromas' engineer carried out a powerflush procedure on Mrs B's boiler free of charge. However, the engineer noted the boiler was "*still not running long enough to heat*" following the powerflush.

Following a further attendance, Acromas identified that a new diverter valve was required but said it was unable to locate this part.

Acromas subsequently deemed Mrs B's boiler to be beyond economic repair and in November 2011 told Mrs B that if she replaced her boiler, she would be entitled to a contribution of £250 under the terms and conditions of her policy.

Mrs B remained dissatisfied and brought her complaint to the attention of this service for consideration. Mrs B arranged to have her boiler replaced by a private engineer in February 2012.

A number of our adjudicators investigated Mrs B's complaint and, following our involvement, Acromas has offered the following;

- to pay Mrs B £34.12, being the £250 beyond economic repair contribution which Mrs B is entitled to under the terms and conditions of her policy less the premium refund of £215.88 already paid to Mrs B;

- a payment of £300 compensation in respect of the distress and inconvenience caused by its handling of her claim.

Mrs B remains dissatisfied and essentially wants the cost of her replacement boiler and therefore the matter has been referred to me for final determination.

my findings

Firstly, I would like to apologise for the time it has taken for this complaint to reach me. We are dealing with an unprecedented caseload and are trying to find ways to progress cases more quickly. I am sorry that this has meant a long wait in this case.

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The terms and conditions of Mrs B's policy provide cover for repairs up to the value of £2,000 to be carried out, in the event of certain home emergency situations such as the failure of a boiler. However, the cover provided is subject to the terms, conditions and exclusions which are set out in the policy.

Mrs B's policy excludes cover for:

“Any repairs if your boiler is, in the authorised insurer’s opinion, beyond economic repair. In such circumstances, the authorised insurer will contribute a maximum of £250 towards the cost of you replacing it with a new boiler”.

‘Beyond economic repair’ is defined as *“when the authorised insurer determines that the cost to repair your boiler will exceed its value”.*

Acromas says Mrs B's boiler was initially deemed to be beyond economic repair during the April 2011 attendance. However, Acromas' notes state this was because Mrs B's boiler was 20 years old and parts were therefore unavailable. The correct age of the boiler was in fact eight years old, an issue which is no longer in dispute. Furthermore, Acromas has been unable to obtain a report from the attending engineer confirming which parts were required.

As such, I am not persuaded that Mrs B's boiler can be said to have been beyond economic repair under the terms and conditions of her policy in April 2011.

Having said that, and whilst I appreciate Mrs B says she telephoned Acromas to complain after the April 2011 attendance, it has no record of Mrs B contacting it again until early July 2011. I do not therefore consider it would be fair or reasonable to hold Acromas entirely responsible for the delay between April 2011 and July 2011.

However, I am not persuaded by Acromas' submissions that it is not responsible for the subsequent delay from July 2011. Acromas says, following Mrs B's telephone call in July 2011, it was not contacted again about the matter until August 2011. But I see no reason why Acromas did not re-open Mrs B's claim until August 2011 when it was made aware the previous month that Mrs B disputed the boiler was 20 years old and it was unable to obtain any documentation from the engineer who had attended previously.

Turning to the beyond economic repair diagnosis which was communicated to Mrs B in November 2011, Acromas initially informed Mrs B that the parts required to repair her boiler

were unavailable. Acromas has acknowledged this was incorrect and, as supported by the information submitted by Mrs B about suppliers of heat exchangers, the parts were in fact available.

Acromas has now provided calculations confirming the amount it would have cost it to obtain a plate heat exchanger and a diverter valve. The cost of these parts, together with the cost of labour, amounts to a total price which exceeds the value of £322.85 which is attributable to Mrs B's boiler.

I understand Mrs B disputes a diverter valve was required. However, the signed job sheet from Acromas' final attendance confirms its engineer diagnosed that the existing diverter valve was faulty. In the absence of any other engineer's advice, it is difficult for me to conclude that this is incorrect.

Mrs B says the only reason she replaced her boiler was because Acromas incorrectly informed her that parts were not available. However, it is difficult to be certain now, what course of action she may have chosen if she had known instead that it may have been repairable but was uneconomical to repair. I am therefore not persuaded that it should reimburse the costs of the replacement boiler.

Acromas also maintains the pipework to Mrs B's boiler required replacement. Mrs B disputes this, because her new boiler is operating correctly on the existing pipework. However, as replacing the pipework has not been taken into account by Acromas in calculating what it would have cost it to repair Mrs B's boiler, I do not consider this is material to the outcome of Mrs B's complaint.

For the reasons I have outlined above, although Acromas incorrectly informed Mrs B that parts for her boiler were unavailable, I am satisfied that Mrs B's boiler was beyond economic repair in November 2011 under the terms and conditions of her policy because the cost of repairs required exceeded the boiler's value. Acromas has offered to pay Mrs B a contribution of £250 towards the cost of her replacement boiler, in line with the policy entitlements.

However, Acromas has already refunded Mrs B the premium paid for the policy. As a policyholder is not entitled to benefit from both a payment under the policy as well as obtaining a refund of premiums, Acromas is reasonably entitled to deduct the premium refund already paid from the beyond economic repair contribution due to Mrs B.

Turning to the issue of the delays in this case, I consider a payment of compensation for the distress and inconvenience suffered by Mrs B is warranted in the circumstances.

As I have outlined above, I do not believe it would be fair or reasonable to hold Acromas entirely responsible for the delays from April 2011 to July 2011. However, I consider there were unexplained, excessive delays on the part of Acromas from July 2011 until November 2011 when the final diagnosis was communicated to Mrs B, during which time Mrs B and her family were without heating and hot water.

I appreciate Mrs B did not have a fully functioning boiler until the boiler was replaced in February 2012. However, as I do not consider Acromas made an error by deeming Mrs B's boiler to be beyond economic repair in November 2011, Acromas is not in my view responsible for any delay by Mrs B in arranging to have the boiler privately repaired or replaced from that date onwards.

Acromas also carried out a powerflush on Mrs B's boiler as a gesture of goodwill, which was not covered under the terms and conditions of her policy. However, I do not agree that the cost of this should be offset against any compensation which is appropriate in this case. I say this as the powerflush did not restore Mrs B's boiler function and she cannot therefore be said to have derived any benefit from it.

Having had regard to the length of the delay, the incorrect information provided by Acromas and its poor communication, I consider a payment of £400 compensation to be fair and reasonable in the circumstances of this complaint.

An award of this level falls into the category of what this service considers to be *significant* compensation and is in line with awards previously made by this service in cases sharing similar features.

my final decision

My final decision is that I uphold this complaint in part. Acromas Insurance Company Limited must pay Mrs B:

- the difference between the £250 beyond economic repair contribution and the premium refund of £215.88 which has already been paid, together with interest at 8% per annum from November 2011 to the date of payment; and
- the sum of £400 by way of compensation for the distress and inconvenience caused by its handling of her claim. (For the avoidance of doubt, this is in addition to the payment of £25 already made.)

I make no further award against Acromas.

Harriet McCarthy
ombudsman