

complaint

Mr N has complained about the way in which Aviva Insurance Limited handled his claim made under a home emergency policy for landlords.

background

I have previously issued a provisional decision regarding this complaint. The following represents excerpts from my provisional decision, outlining the background to this complaint and my provisional findings, and forms part of this final decision:

“An engineer appointed by Aviva inspected the boiler at a property owned by Mr N and let out to a tenant. Mr N has said that this engineer was aggressive and rude to his tenant, resulting in the tenant asking Mr N to speak over the phone to the engineer.

Aviva told Mr N that his boiler would need to be replaced under the terms of the home emergency policy. It said that it would pay to supply the new boiler, but Mr N would need to cover the cost of its installation. The quote provided to Mr N by Aviva’s contractor for the installation was £1,700. Mr N has stated that he considered this to be very high. However, taking into account that his tenant has young children, and to ensure the property would have heating and hot water, Mr N agreed to the installation.

Mr N has said that Aviva’s surveyor told him the installation would take two days, and that flooring would need to be lifted to fit new pipes. However, in the event, it only took around six hours of one day, and flooring was not lifted. Subsequently Mr N has paid money to a different contractor to remedy problems with the new boiler. Aviva offered Mr N £50 for inconvenience it stated it had caused during the installation of the boiler.

Mr N brought a complaint to this service because he considered the installation quote had been overinflated, and he requested that he pay only a proportion of the £1,700 charged. He was also unhappy with the behaviour of the engineer who initially visited the property. Mr N commented that Aviva had continued to chase him for payment of the installation costs, and hadn’t handled his complaint appropriately.

Our investigator did not uphold this complaint. He highlighted that the installation quote did not state how long the work would take to be done. Instead, Aviva’s comment about the installation taking two days was a maximum expected timeframe. Aviva had confirmed that the work detailed on the quote had been carried out, and for this reason the investigator considered it was reasonable that the full cost of the quote was being charged.

The investigator noted that Mr N was not obliged to have the installation carried out by Aviva’s contractor, and that if he had raised concerns about the quote, he would have been offered a cash settlement. However, taking into account Mr N’s urgency to ensure the property had a functioning boiler, the investigator concluded that if given this option, Mr N was unlikely to have chosen to accept a cash settlement.

In terms of the service received, the investigator’s view was that Aviva’s offer of £50 represented fair compensation.

Mr N disagreed with the investigator’s findings. He has questioned whether Aviva should have given him a full breakdown on the works that were carried out. Mr N has also stated that at no time was it mentioned that he could use an alternative contractor to carry out the

works. Instead, he understood that for the insurance policy to cover the cost of the new boiler, he would have to have it installed by Aviva's contractor. Had Mr N known he had this option, he says he would have got another quote.

Mr N has confirmed that he needed the installation done urgently, in light of the tenants he had in the property who needed hot water and heating. His dissatisfaction in large part relates to the fact he was told it would take two days to install the boiler, but it actually took less than a day. As a consequence, he considers the quote was inflated by over 100%. Mr N has also stated that he was quoted new pipes would need to be laid, and that if this was not required, this must have reduced the cost of installation.

Mr N has commented that Aviva did not respond to his e-mails, and that he was continually chased for payment of the outstanding installation sum. He considers the £50 compensation amount fails to reflect the time he has spent on this matter, and the stress he has been caused. Mr N has highlighted that the new boiler failed on its first day, and although Aviva repaired it on that occasion, it has since broken down again, with Mr N paying for repair on this second occasion. He has also reiterated his concerns about the behaviour of the first engineer who visited the property.

my provisional findings

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

Mr N has confirmed that his main complaint is that he considers he was given misleading information by Aviva's contractor regarding the work required and time it would take to install the boiler, and that this affected his decision regarding getting the installation done.

Mr N has landlord home emergency cover provided by Aviva. His policy says that if his boiler is deemed beyond economic repair or parts are obsolete (as I understand was the case here), where the boiler is over seven years old, it will be replaced by Aviva. However, the policyholder will need to pay the installation charge. The policy wording states that Aviva "will provide for you, a quote for this work."

The policy wording does not state that Mr N has to use one of Aviva's contractors, nor does it say that Mr N is bound by the quote that Aviva will provide.

Mr N was also sent a letter by Aviva at this time. This stated that he was "entitled to a replacement boiler fitted by our approved installer". It continued: "You will need to pay the cost of removing your existing boiler and the cost of installing the replacement boiler. All works will be completed by our approved installer."

Towards the end of the letter, it stated: "We have already arranged for our approved installer to arrange a free, no obligation survey and quote for the fitting of the replacement boiler". It then stated: "If you choose not to proceed with our offer of the replacement boiler and installation by our approved installer, no alternative option is available (including supplying the boiler directly to you for private installation or any cash alternatives)."

Mr N says that at no time was it mentioned he could use an alternative contractor to install the boiler. His understanding was that for the insurance policy to cover the cost of the new boiler, he would have to have it installed by Aviva's contractor. Had Mr N known he had this option, he says he would have got another quote.

Based on the policy wording, my view is that Mr N was not obliged to use an Aviva contractor to carry out the work in order to benefit from the policy cover of a replacement boiler. However, it seems to me that the letter Mr N received about the new boiler, detailed above, did not make this clear. It did confirm that Mr N was not obliged to accept the quote being provided to him by Aviva's contractor. But at the same time, it stated that if Mr N did not proceed with the offer of the boiler being installed by Aviva's contractor, no alternative option was available.

In the course of investigating this complaint, Aviva has stated that it will only offer customers a cash settlement for the boiler if they inform Aviva that they are unhappy with the quote provided by its installer. I appreciate that Aviva's letter told Mr N that this was a 'no obligation' quote. However, taking into account Mr N's testimony that he was not told that he could use another contractor to install the boiler, overall my current view is that the information given to him at this time did not make it sufficiently clear that he could in fact obtain his own quote for this work, and receive a cash settlement. Instead, it seems to me that Mr N was given the impression that to benefit from the policy cover in relation to a replacement boiler, he would need to agree to Aviva's contractor carrying out this work.

That being the case, I need to consider what Mr N is likely to have done had he been told that he could use his own contractor to install the boiler. In these circumstances, I understand that Aviva would have paid Mr N a cash settlement in respect of the cost of the new boiler. However, this would have been the cost to Aviva of supplying the new boiler – and this may have been a lower sum than Mr N would have been charged if he had tried to purchase the boiler himself. This reflects the fact that insurers are often able to obtain replacement goods at a lower price than is available to most consumers, due to arrangements they have with suppliers as 'bulk purchasers' of certain goods.

Taking this into account, in my view it's not clear that if Mr N had accepted a cash settlement equal to Aviva's cost for purchasing a new boiler, he would have been able to buy the new boiler and pay an independent contractor's installation costs for a total sum that was less than he paid Aviva for the installation by its contractor. Having obtained a separate installation quote, and been told what Aviva's cash settlement figure was, my view is that there is a significant possibility that Mr N may not have been financially better off using this route to get his new boiler installed.

In addition, Mr N has confirmed that he needed to get the boiler installed urgently, because in his words he had "a vulnerable family living in the house that needed hot water and heating." In these circumstances, it seems to me that the option of obtaining alternative quotes for the installation would have been less appealing to Mr N, as in my view it is likely to have delayed the new boiler being fitted. Taking the above into account, overall my view is that even if Mr N had been given clearer information about the option for him to obtain an independent quote for the installation and be paid a cash sum for the new boiler, he is more likely than not to have chosen to use Aviva's contractor to install the boiler.

In terms of the cost charged by Aviva's installer, Mr N has suggested that this was significantly overinflated. Mr N has not provided a comparison quote in support of his position. However, his key concerns relate to how long it took to carry out the installation, and what work was actually required.

Mr N says that he was told the work would take two days. Aviva states that any time scale given was only an estimate of how long it could take. Even if the work was completed

quicker, Aviva states that the cost would have been the same. I note that the written quote provided did not mention any timescale for the installation. It confirms that the quote covers all materials and pipework, the flue, and removing the old system and any other waste. Aviva states that new pipework was installed to run up through the ceiling.

As already stated, Mr N did not obtain a comparison quote. However, even if he did, and this were to be less than the cost of Aviva's contractor, in my view this wouldn't necessarily show that the higher quote was overinflated. Aviva has stated that all the work quoted to Mr N was completed by its contractor. Taking this into account, on balance I consider the fact that the work was completed in less time than was initially estimated to Mr N does not mean that the quote was unfairly high. Overall, I'm not persuaded that Mr N has demonstrated that Aviva's contractor's quote was overinflated. For that reason, I do not intend to require Aviva to reduce the cost of the installation that it has charged Mr N from the sum originally quoted to him.

I do however consider that Aviva's handling of this claim has caused Mr N unnecessary difficulties. As explained above, although I consider Mr N would have chosen to use Aviva's contractor to install the boiler even if given clearer information that he had a choice to accept a cash settlement and arrange this himself, in my view the lack of explanation to Mr N about his options has caused him some upset. In addition, Mr N has explained the difficulties he was caused due to the manner in which the first engineer who attended the property spoke to his tenant.

Mr N has already been offered £50 by Aviva for inconvenience caused to him. My view is that Aviva should pay Mr N an additional £150 to reflect the distress and inconvenience caused to him by its handling of his claim."

responses to my provisional decision

Aviva confirmed that it had no further comments to make.

Mr N explained that there were a few points in my provisional decision that he disagreed with. He has said that he understands the cash settlement for the boiler would have been a 'trade' price rather than a retail price. Mr N says that this would have been acceptable, and that he would have contacted a trusted supplier who would have been able to obtain the boiler for a similar trade price, and then just charged for labour. Although Mr N agrees that he wanted to get the boiler replaced quickly due to his tenants, he says he did have plenty of time to sort this out, and consequently he would have accepted the cash settlement if offered this by Aviva.

In terms of the estimate provided by Aviva that quoted for pipework, Mr N has said that the estimator explained how all the flooring might need to be lifted on the first floor, and the quote was to run the pipes from the kitchen at the back of the house down into the garage at the front. Mr N has said that he was told that until the installation works started, it wouldn't be known if the pipes under the floor were of the correct size, and so it would need to be included in the quotation. Mr N says that when work started, it was discovered that the pipes were of the correct size, and he has questioned therefore why he should have to pay for this work.

Mr N says that the boiler has failed three times since installation. He says that Aviva has attended and repaired part of the system, but he has had to use a different contractor to fix other issues preventing the system from working, costing him significant sums of money. Mr

N has forwarded copies of invoices relating to further costs that he has incurred. Taking these additional problems into account, he has questioned whether Aviva's installation was completed properly. Mr N has suggested the installation was rushed, which is why Aviva had to return the next day, and he also has concerns that the installed boiler was dangerous.

Mr N's view is that the £150 compensation payment I proposed does not cover the time and resource he has spent on this matter, or the inconvenience he has experienced.

my findings

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

I acknowledge what Mr N has said about using a trusted supplier to obtain the boiler at 'trade' price if he'd been offered a cash settlement by Aviva. However, the price at which insurers can obtain replacement goods reflects their position as 'bulk purchasers'. It's not clear to me that, even using a trusted supplier, Mr N would have been able to purchase the replacement boiler at the equivalent of the cash sum Aviva would have paid him as settlement for the claim.

Further to this, as Mr N accepts, he wanted to get the boiler replaced quickly, due to the tenants that he had in place in the property. Mr N has explained in his earlier submissions that he needed this done urgently because he had a vulnerable family that needed heating and hot water. I cannot be certain what choice Mr N would have made if the option of him obtaining an independent installation quote and receiving a cash settlement for the boiler had been made clear to him. But, on balance, taking into account the circumstances at the time, my view remains that it is more likely than not that Mr N would have chosen to use Aviva's contractor to fit the boiler.

In terms of the replacement pipework, Mr N has stated that the quotation provided by Aviva included various works that the estimator said might not need to be carried out. I can see that the quotation includes an amount relating to the gas run. According to Aviva, all the work shown on the quotation was completed. It has provided a photo that it says shows the new pipework running up through the ceiling. I have carefully thought about Mr N's comments regarding the work that was required to fit the new boiler. But overall, my view remains that it's not been shown that the quote provided by Aviva for the works was overinflated.

Mr N has highlighted his concerns about the quality of the boiler installation, and suggested that this was rushed. During the course of the consideration of this case, Mr N has confirmed that his key complaint relates to the information he was given when he chose Aviva's contractor to install the boiler, because in his view this was misleading. Mr N has detailed works that have been carried out to the heating system since the boiler was fitted. If he wishes to dispute the quality of the installation that Aviva arranged, in the first instance Mr N should address his concerns directly to Aviva.

my final decision

My final decision is that I uphold this complaint in part, and require Aviva Insurance Limited to pay Mr N £150 in compensation, in addition to the £50 it has already offered him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 17 April 2020.

John Swain
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