

## **complaint**

Mr M is unhappy with the service provided by SSE Home Services Limited in relation to a heating insurance policy.

## **background**

I issued a provisional decision on this matter in June 2016, part of which is copied below:

*“Mr M purchased a Shield Gas Heating Care agreement from SSE in April 2014. In February 2015 he reported that some of his radiators weren’t heating up. It appears that an engineer attended and noticed that an initial inspection (normally done when the policy is taken out) hadn’t been carried out. So the inspection was carried out and SSE said that the heating system Mr M has wasn’t suitable for the Shield Gas Heating Care because of the condition of the boiler – SSE said it was approximately 30 years old – and that there are limited spare parts available for it now.*

*As it said it couldn’t provide the cover under the policy and it should never have been issued to Mr M, SSE refunded all the premiums he’d paid.*

*Mr M complained about this. He says that SSE failed to maintain his heating system and this caused damage to his boiler, which was leaking and had to be turned off. Mr M says that the boiler now needs to be replaced as a direct result of SSE’s failure to provide him with the cover he bought.*

*SSE didn’t agree that it was responsible for any damage to the system but does acknowledge that it didn’t provide an adequate service to Mr M. It therefore offered to replace his boiler and pay some compensation, as a gesture of goodwill. There has been some discussion about the appropriate replacement boiler but its final offer is to do the following:*

- *replace the boiler with the same make and with an output of 24 kw (his previous one was 23.3kw and it says an 18kw would be enough)*
- *fit thermostat valves to all household radiators*
- *carry out appropriate flushing to ensure the pipe work and water is clear*
- *provide two years’ free maintenance cover for the heating and hot water systems*
- *register any applicable warranty once the installation has been carried out to run independently from the maintenance cover*
- *pay compensation of £200*

*SSE will only agree to replace the boiler itself and won’t make a cash settlement instead.*

*Our adjudicator thought SSE’s original offer was reasonable and that the slightly enhanced offer set out above was also reasonable.*

*Mr M doesn’t agree. He says that the boiler proposed isn’t suitable and says there are some other issues that haven’t been satisfactorily addressed, including:*

- *the manufacturer has told him that a boiler with an output of 38kw is needed*
- *he has no faith in SSE’s technical experts: no proper survey was carried out to assess the appropriate power boiler*
- *he doesn’t want SSE to carry out the installation*

- *the boiler hasn't been working all winter, he had an immersion heater fitted (at a cost of £46.21), which meant he could get hot water; and has used several electric and oil heaters (which cost him £140.91) to provide heating*
- *his electricity and gas bills have been higher than normal because of this and he wants these paid*
- *one radiator burst in his child's bedroom and he had to replace the carpet and pay £75 for the radiator*
- *SSE hasn't said where the boiler will be fitted*
- *it will take five days to complete the work and so he'll have to take five days unpaid leave*
- *the fact it's offered two year's cover shouldn't be taken into account, as if there's a new boiler and the system working properly there'll be no call outs and only one boiler service carried out – therefore the value of this to him isn't the £400 that SSE claims*
- *SSE says it has to adhere to relevant building regulations but has flouted this – which might affect his ability to sell the house in the future*

*One of Mr M's children is due to have an operation with a long recovery period, so he's anxious to have this resolved.*

### **my findings**

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

*replacement boiler*

*If SSE had criteria for the acceptance of cover then it should have ensured it carried out its initial inspection promptly. It didn't do so. It would have been entitled to refuse to cover Mr M's heating system, if it had told him this at the outset. But it lost its chance to refuse cover having accepted the premiums for a year.*

*It did therefore act unfairly and unreasonably in cancelling cover. However, Mr M says that because it didn't fix the radiators this caused the boiler to leak and need replacing. There's no convincing evidence that this happened solely and directly as a result of that failure. It appears there were problems with the system. I can't therefore agree that SSE is responsible for replacing the boiler due to its cancellation of the policy or failure to repair the fault with the radiators.*

*However, the policy does seem to provide cover for replacement of the boiler, if it would be cheaper than repairing it. Or - if the parts required aren't available - then it will replace it if it's less than seven years old.*

*Mr M's boiler was more than seven years old. He says it was around 12 years old (not 30). But it does appear that some parts weren't available. However, I've not seen any reports to say what is wrong with the boiler and which parts might be needed. And so there's no evidence to show that the boiler was repairable and therefore that it would have been repaired or replaced (if it would be cheaper) under the policy, had SSE not cancelled it.*

*Given that it seems the policy wouldn't cover replacement of the boiler (although either party can provide further evidence about this in response to this provisional decision); and given*

*that I don't think the boiler's failure is directly as a sole result of anything done or not done by SSE, its offer to replace the boiler does appear to be reasonable.*

*boiler type*

*Mr M has provided some emails from the manufacturer. One says: "it is more likely you'll require an output of 24kw+; however this will depend on other factors such as building type, heating type and insulation quality. This is where your installer will advise you further".*

*Another email says: "from the information given we would suggest that you look at the higher powered ... boilers, we would not expect this to be anything less than ...38 [kw]."*

*Mr M says he'll provide copies of the information he sent to the manufacturer to us – but not SSE – if required.*

*SSE has provided a calculation it carried to assess the type of boiler needed. This said it would need at least an 18kw boiler.*

*Based on the information currently available and on the understanding that the existing boiler is 23.5kw, I don't think it has been established that SSE's proposal is incorrect. One of the emails from the manufacturer says 24kw would be suitable. I've not seen the information Mr M provided on which it later said he'd need 38kw. But in any case, even if the manufacturer would recommend a more powerful boiler, it would seem unreasonable to me for SSE to be required to install a more powerful boiler than Mr M currently has.*

*Therefore based on the current evidence, I don't think its offer to install a 24kw boiler is unreasonable and I don't propose to require it to install a more powerful boiler. If Mr M wants a more powerful boiler, then he can arrange to pay any difference in price himself.*

*While I acknowledge Mr M's mistrust of SSE, I'm not persuaded that SSE should be made to make a cash settlement to the value it might charge a customer to install a boiler. If Mr M is adamant he doesn't want SSE to install the boiler, then it may be appropriate for SSE to make a cash settlement but I could only reasonably direct that this be the amount it would cost it to carry out the work – which may be considerably less than Mr M would have to pay to get it done himself. I don't know what this may be and I don't think that I can currently direct it to make a cash settlement. But if it is agreeable to this, I'd invite SSE to tell me what it would cost it to do the work in response to this provisional decision.*

*Mr M says they haven't discussed where the new boiler would be positioned. This isn't something for me to determine but I'd expect that to be discussed. SSE would be entitled to position the boiler where it will involve the least amount of work, within reason.*

*cost of immersion heater, electric heater and increased utility bills*

*It follows that if SSE isn't obliged to replace the boiler, it isn't responsible for any of the consequences of the boiler not working for the last few months, including: the additional costs of using electric and gas heaters and an immersion heater. It's also not responsible for any loss or inconvenience caused by Mr M having to be at home while the work is carried out.*

*radiator and carpet*

*Mr M also says that he had to replace a radiator, which burst, and a water damaged carpet. I haven't seen any evidence as to why this happened. If the burst radiator would have been covered under the policy then I do think SSE should reimburse the costs of that. But the damaged carpet wouldn't be covered under the policy (it may be covered under Mr M's home insurance). Therefore unless there is convincing evidence that SSE is directly responsible for the radiator bursting – and no such evidence has been presented to me so far – then it isn't required to pay for this.*

#### *compensation*

*SSE has also offered to provide two year's worth of cover (which it says is worth around £400) and £200 compensation*

*It's also offered to install thermostats on all the radiators, which aren't there already. This would therefore be an improvement to Mr M's current system and wouldn't be covered under the policy. They also aren't required as a result of anything SSE did or didn't do wrong. Mr M says that he was quoted for these and so SSE was trying to 'rip him off' by proposing to charge him for these if he'd paid for the boiler installation himself. I don't agree that SSE did anything wrong in recommending these with the installation of a new system. And I do think it is appropriate to take account of the additional cost of this and the provision of the two years' cover when considering appropriate compensation.*

*The cover offered may turn out not be needed but, even with a new properly installed system, there may be issues that arise that mean this is of value to Mr M.*

*Taking the £200 offered together with these additional elements, I consider this to be appropriate compensation for the trouble caused to Mr M by SSE not carrying out the initial inspection of his property and for cancelling the policy when it did.*

#### *legal rights*

*For the avoidance of doubt, if Mr M doesn't accept my final decision on this matter, his legal rights against SSE remain in tact. So he can take legal action against SSE about this matter, if he wishes, provided he doesn't accept the final decision.*

#### **my provisional decision**

*I intend to uphold this complaint. SSE should do the following:*

- *replace the boiler with the same make with an output of 24 kw*
- *fit thermostat valves to all household radiators*
- *carry out appropriate flushing to ensure the pipe work and water is clear*
- *provide two years' free maintenance cover for the heating and hot water systems*
- *register any applicable warranty once the installation has been carried out pay compensation of £200."*

#### **responses to my provisional decision**

I invited both parties to respond to my provisional decision with any other information or arguments they wanted considered before I issue my final decision.

Mr M has responded and doesn't accept it. Mr M has made a number of points, including the following:

- SSE has never admitted to anything; he's a "trusting consumer" who's had to push at every stage. He's dealt with constant delays; this has been ongoing for 16 months and he still needs to sort out his central heating system.
- His decision to take the policy with SSE was influenced by documents it published promising "peace of mind" but he's not received any benefit from the payments he's made.
- He's sent me copies of bank statements showing that SSE has taken payments from his bank account – for the supply of gas and electricity – which has caused him to incur bank charges. He says these were wrongly taken and are another example of SSE's "incompetence".
- The award I've said I intend to make, will tie him to SSE for the further two years of cover and he'll have to let SSE engineers back into his property. He is unwilling to deal with SSE at all.
- There'd be nothing to stop SSE refusing cover again, if he has a problem in the future.
- SSE's whole "home assessment" for boiler renewal took just 19 minutes, whereas the other company he asked to quote took around an hour and a half, measuring each room for heat efficiency. SSE didn't measure the rooms and so can't have done a proper job.
- He wants enough compensation to be able to pay off both gas and electric bills (which has been much higher because he's had to use the immersion heater); replace his boiler and mend the radiators, all of which he says SSE is responsible for.
- He disagrees that the initial problem he reported with his radiators is unrelated to the problems with his boiler and has provided information that "clearly show[s] a tie between my heating systems initial fault and the heat exchanger failure". Mr M has provided some information that problems with radiators not heating up are often caused by sludge in the system. And that heat exchangers are most often at risk of scale/sludge damage. The sludge/scale (composed of various contaminants) that was clearly the cause of the 'low flow' in the radiators, made its way to the boiler and caused the heat exchanger to fail.
- He reported the radiator issue in March 2015 and the boiler failed in November 2015. SSE said there were no issues with the boiler when it inspected it in April 2015 and so the radiator issue has caused the boiler failure.
- Mr M feels it's unfair that he's had to provide this information to bolster his case and prove SSE's incompetence.
- The compensation I proposed doesn't cover the expenses he has had to make, let alone compensate for the stress he's suffered, including having no heating over winter.
- He wants a cash settlement, so he can pay for a new boiler fitted by professionals. And doesn't accept that it should be the amount that SSE would pay for the work. He has provided two quotes for replacing the boiler and wants the average of those figures, and no less, i.e. £4,876.50, plus £329 for the additional selectricity bills and approximately £100 for additional heating, so a total of £5,305.50.
- If this isn't provided through this final decision, he asks what his legal rights are?

SSE has responded and accepts my provisional decision. It has confirmed that it is prepared to make a cash settlement to Mr M of the amount the work would costs it to carry out. It says this would be £2,598.56.

SSE also confirmed that, if it were to install the new boiler, it would propose to install a wall-mounted one in the garage, where the existing boiler is.

### **my findings**

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

Mr M has provided some general information about common boiler issues. However, there is no independent evidence about what went wrong with his boiler. He says the heat exchanger failed due to sludge not removed from the radiators but there's nothing independent to support that. It is of course entirely possible that this is the cause but without something to support that it's not possible for me to conclude that the boiler failed due to the SSE's refusal to deal with the problems with the radiators. And it is for the claimant in any case to provide the information to establish their case. This means that it is for Mr M to provide the evidence that would help prove his case – that SSE caused his boiler to fail.

It therefore remains my opinion that SSE is not obliged to replace his boiler and that I can't therefore require SSE to compensate Mr M for the time he's been without a working boiler, or the additional electricity costs he's incurred.

SSE has, in any event, offered to replace the boiler; or make a cash settlement of £2,598.56, if Mr M doesn't want it to do the work. While I understand Mr M's reticence about SSE doing the work, I don't agree that he should be paid a cash sum in the amount that he would pay another contractor to do the same work. SSE is prepared to do the work and so I don't think it's reasonable to require it to pay significantly more than it would actually cost it to do the work.

And the issues he's had with his utility bills aren't relevant to this decision.

I therefore remain of the opinion that the offer made by SSE for replacement of the boiler and compensation is reasonable. But Mr M can take the cash settlement instead, if he'd rather.

As stated in my provisional decision, if Mr M doesn't accept my final decision then he is free to take legal action against SSE. However, we can't advise him on how to go about this.

### **my final decision**

I uphold this complaint against SSE Home Services Limited and require it to do the following:

- 1) Either pay the sum of £2,598.56; or
  - replace the boiler with the same make with an output of 24 kw
  - fit thermostat valves to all household radiators
  - carry out appropriate flushing to ensure the pipe work and water is clear
  - register any applicable warranty once the installation has been carried out
- 2) provide two years' free maintenance cover for the heating and hot water systems;  
and

3) pay compensation of £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 September 2016.

Harriet McCarthy  
**ombudsman**