



Case study: Insurance

COMPLAINANT INCURS COSTS WHEN HOME EMERGENCY CLAIM REJECTED AS BOILER WAS CONSIDERED BEYOND ECONOMIC REPAIR

Themes: Beyond economic repair; home emergency insurance; unclear policy terms and conditions.

This complaint relates to a home emergency insurance claim that the insurer rejected because it said the boiler was 'beyond economic repair'.

Mr J had a home emergency insurance policy that covered repair of his boiler in the event of breakdown. In June 2022, Mr J contacted his insurer as his boiler was leaking. The insurer sent several engineers over a three-month period to try to resolve the issue, and Mr J was given different explanations as to why his insurer was unable to complete the repairs. Mr J's insurer finally told him that he needed a new boiler as his existing one was beyond economic repair. Mr J said that his insurer had covered repairs to the boiler in the past and could not understand why he now needed a new boiler. Frustrated with the delays, Mr J felt he had no choice but to have a new boiler fitted at his own expense.

Mr J made a complaint to his insurer about its poor service, lack of communication, and the lengthy delays. His insurer was aware that its failure to repair the leak had caused additional water damage to his house and the attempted repair work had also resulted in additional breakages. Mr J's insurer offered a contribution of £250 towards the cost of Mr J's new boiler, along with £100 for the inconvenience he had suffered. Mr J rejected this offer and referred his complaint to CIFO.

CIFO investigated and noted that Mr J's policy defined the boiler as being 'beyond economical repair' when the cost of parts required to repair the boiler exceeded its current value based on its age and condition. But the insurer had not explained clearly in the policy how it would calculate the value of the boiler. Although the insurer had a list of the parts required for the repair, it had not shown the cost of parts exceeded the boiler's value. CIFO concluded that Mr J's insurer should reasonably have repaired Mr J's boiler and, had it done so, Mr J would not have had to bear the cost for a new boiler.

Therefore, CIFO upheld the complaint and concluded that Mr J's insurer should contribute to his costs for the new boiler. CIFO calculated this contribution to be approximately £700, based on the estimated parts and labour costs had Mr J's insurer correctly completed the boiler repair. In relation to Mr J's property damages, CIFO recommended Mr J's insurer refund Mr J approximately £2,300 based on estimates Mr J had provided. In addition, CIFO also recommended Mr J's insurance company pay £750 for the distress and inconvenience it had caused Mr J. Mr J's insurer agreed to pay the recommended settlement of £3,750.