



Case study: Insurance

HOME EMERGENCY INSURANCE CLAIM REJECTED BECAUSE BOILER CONSIDERED TO BE BEYOND ECONOMIC REPAIR (BER)

Themes: beyond economic repair (BER); rejected insurance claim; home emergency insurance: mismanagement of insurance claim.

This complaint relates to a rejected home emergency insurance claim and the delays a complainant suffered while waiting for the insurance company to confirm its refusal to cover the repair costs.

Mr B had a home emergency insurance policy that covered the repair of his boiler in the event of a breakdown. In October 2023 Mr B contacted his insurer because his boiler had broken down. Mr B's insurer sent an engineer who concluded that the heat exchanger and casing needed to be replaced, costing about £1,100. Mr B's insurer agreed to complete the repairs. However, nearly two weeks later and after two further engineers' visits, Mr B's insurer said that his boiler was now considered to be broken 'beyond economic repair' (BER). This was because the total cost to repair the boiler exceeded 75% of the cost for a new boiler, which was about £750. Because Mr B's boiler was considered to be BER, it was not covered by Mr B's home emergency insurance policy. Mr B then contacted a private engineer who was able to repair the boiler for approximately £1,000, inclusive of the call-out fee.

Mr B complained to his insurer about the time it had taken them to conclude that his boiler was BER, and he asked for compensation to include the cost of the repairs he had personally covered. This was on the basis that Mr B's insurer had initially approved the repairs, which would have cost more than the amount he had paid his private engineer. Mr B also argued that his insurer should compensate him for the disruption he and his family had suffered living without heating and hot water during this period. Mr B's insurer offered him £200 for inconvenience but did not agree to pay Mr B's repair costs because they considered the issue to be uninsured. Mr B rejected their offer and referred his complaint to CIFO.

CIFO investigated and noted that, under Mr B's policy terms and conditions, his insurer was not under an obligation to pay for the repairs to Mr B's boiler because it was ultimately found to be BER. However, CIFO found that Mr B's insurer had made an error when authorising the original repairs because the cost was clearly over the 'BER threshold'. Because of this and the delay in determining it, CIFO concluded that Mr B should be reimbursed accordingly.

Therefore, CIFO upheld the complaint and concluded that Mr B's insurer should have told him that the boiler was BER when the initial engineer had visited. That would have allowed Mr B to have arranged for his private engineer to complete the repairs without delay. CIFO recommended Mr B's insurer compensate him £600, to reflect the delay in concluding that the boiler was BER along with

unavoidable expenses Mr B had incurred when transporting his family and himself to a relative's house to use their hot water pending completion of the repairs.