

The complaint

Mr and Mrs D complain about HDI Global Speciality SE's (HDI) poor handling and failed repair of their boiler, under their home emergency policy.

What happened

Mr and Mrs D held a policy with HDI that covered amongst other things, boiler breakdowns. An issue developed with their boiler as no heating or hot water was being produced. They contacted HDI who sent an engineer. After a few appointments, the fault with the boiler was identified and a quote for the repair was given.

But as the quote from HDI was too high under the policy, HDI deemed the boiler beyond economical repair (BER). Mr and Mrs D then decided to instruct an independent engineer who concluded that the fault with the boiler was the same as HDI Had identified. But this engineer was able to quote for the repair at a cheaper price. Ultimately, Mr and Mrs D chose to replace their boiler.

Mr and Mrs D complained to HDI as they felt that their boiler shouldn't have been declared BER. In its final response, HDI said that it was unable to reimburse the costs that X and Mrs D incurred for instructing the independent engineer, as the quote wasn't a like-for-like repair. It accepted that there had been poor service issues, primarily as Mr and Mrs D ought to have been provided with temporary heating. But accepted that if additional heating had been purchased, this would be refunded on production of an invoice. For the poor service, it offered compensation of £200 for the trouble and upset caused.

Mr and Mrs D didn't accept the resolution and as they had been given their referral rights, referred a complaint to our service. One of our investigators considered the complaint and didn't think it should be upheld. He said that the compensation that was offered was fair. He also agreed that the repair carried out by the independent engineer wasn't like-for-like. And as both professionals (HDI and the independent engineer) had advised that the boiler would need to be replaced, HDI hadn't been inaccurate to deem Mr and Mrs D's boiler as BER.

HDI accepted the view, Mr and Mrs D did not. They said they suffered a lot due to the lack of hot water and heating. Especially as they are elderly and vulnerable, which they felt hadn't been considered. They felt that HDI ought to pay for the temporary heaters and should pay them £200 for failing to provide them. They said that there was no mention of how much would be paid towards the cost of a new boiler, when a boiler is deemed BER, which is a standard term in policies provided by other insurers. Finally, they believed that HDI ought to have allowed them to get their own engineer to carry out the repair as the costs were considerably lower. That HDI should pay towards the cost of a new boiler and that any compensation ought to be increased to £300. So, they asked for a decision from an ombudsman.

In an attempt to resolve the complaint, HDI agreed to increase the compensation it offered by a further £100, making a total of £300. But Mr and Mrs D said they wanted HDI to

contribute £700 towards the cost of the new boiler, as well as £300 for the distress and inconvenience caused.

What I've decided – and why

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

Having done so, I won't uphold this complaint. I understand this is likely to be a disappointment to Mr and Mrs D. But I hope my findings go some way in explaining why I've reached this decision.

I've reviewed all the evidence that both parties have provided, as well as the policy terms and conditions. I should say at the outset that Mr and Mrs D have provided a number of points that I have considered in full. And although I might not comment on each and every point raised, I have taken them into account when determining the final decision, in this complaint.

However, I have focussed my findings on what I think are the key issues in this complaint. And I think the key factors are whether HDI were reasonable to conclude that Mr and Mrs D's boiler was BER, whether HDI ought to contribute towards the cost of the replacement boiler. And whether its offer of compensation (a total of £300) was fair, in the circumstances.

Mr and Mrs D's boiler broke down and they contacted HDI to make a claim. It sent an engineer who initially diagnosed that the *'vessel was full of water and that it had failed completely'*. An expansion vessel was ordered and a few days later the part was installed. From the evidence, this appeared to fix the issue, however, Mr and Mrs D contacted HDI again to report that another fault had occurred, and the boiler was leaking.

Some days later the engineer attended and diagnosed that a full further inspection was needed, in order to fully diagnose the issue. He advised that the heating would need to be isolated and to leave the boiler on for a couple of days. Ultimately, the engineer advised that the plate heat exchanger had failed as well as a three-bar safety valve.

Due to the amount of work (including the call out charge, parts, labour, as well as work that had previously been completed on the boiler) HDI informed Mr and Mrs D that the costs at that time amounted to £971.55. As a result, their boiler was deemed BER.

Based on this information, I can't see that the HDI engineer's diagnosis was incorrect. I say this, as the independent engineer that Mr and Mrs D enlisted also mentioned that the plate heat exchanger would need to be replaced. And that further work on the boiler would be needed. In addition, both parties' engineers advised that the best course would be to replace the boiler, as there was no guarantee that the repairs would last.

I note that HDI reimbursed Mr and Mrs D's costs for the report that they obtained from the independent engineer, which was fair and in line with the policy. The policy that Mr and Mrs D held had a limit of £500 per claim and Mr and Mrs D had used up to the policy limit.

It's clear that both parties' engineers agreed that the boiler needed to be replaced, but I think that the repairs quoted, were not like-for-like. Consequently, I think HDI were reasonable to rely on its engineer's report to BER the boiler. Not only as the engineers are experts in the field, but also as they are best placed to advise whether the boiler could be repaired or replaced. As ultimately, Mr and Mrs D chose to replace the boiler. Accordingly, I can't see that HDI did anything wrong here.

I understand that Mr and Mrs D would like HDI to contribute towards the cost of their replacement boiler. But having reviewed the policy terms and conditions, I can't see that there are any terms within the policy that states that HDI would be obligated to replace or contribute to a new boiler. So, I can't agree that HDI ought to contribute to the replacement boiler that Mr and Mrs D bought.

I've next considered whether HDI ought to have provided temporary heating. Mr and Mrs D were offered alternative accommodation, which they declined, as is their right. HDI ought to have offered them temporary heating, which I can see wasn't done. For this error, HDI offered £200 compensation, that was later increased to £300, for the trouble and upset caused.

I have reviewed this compensation, in light with our strict guidelines on compensation awards and I'm satisfied that this level of compensation is fair and in line with our guidelines. So, I won't ask HDI to increase this amount further.

Whilst I understand that this is not the outcome that Mr and Mrs D would like, I can't agree that HDI were unfair or unreasonable to deem their boiler BER. Nor can I agree that it ought to increase the amount of compensation or contribute to the new boiler.

I acknowledge Mr and Mrs D's strength of feeling about this complaint and the reason why they referred it to our service. But, in the overall circumstances of this complaint, I haven't seen enough evidence to show that HDI was unfair, or unreasonable in dealing with their claim. So, I can't reasonably ask it to do anything more here.

Putting things right

To put matters right, I direct HDI as below.

My final decision

For the reasons given, I uphold X and Mrs D's complaint.

HDI Global Speciality SE to pay £300 compensation, unless it has already done so.

HDI Global Speciality SE must pay the compensation within 28 days of the date on which we tell it Mr and Mrs D accept my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D and Mr D to accept or reject my decision before 30 January 2024.

Ayisha Savage
Ombudsman