

The complaint

Mr and Mrs W complain that British Gas Insurance Limited (British Gas) has been wrongly charging them premiums for a home emergency policy. They say, as parts for their boiler have been obsolete for several years, British Gas shouldn't have been collecting monthly premiums.

It appears from the policy documents that the policy was in Mrs W's name only, but I've referred to both Mr and Mrs W in this decision.

What happened

In April 2019, Mr and Mrs W's boiler broke down. They called out British Gas' engineers. British Gas' notes show engineers attended Mr and Mrs W's home a number of times, trying different fixes. From what Mr and Mrs W have said, it seems some of these fixes were temporarily effective, before the boiler failed again. During the last visit, an engineer found a hole in the flue manifold, which made the boiler unsafe. The engineer told Mr and Mrs W this part was now obsolete and said it hadn't been made since 2014. He said they'd need to buy a new boiler. The boiler was disconnected a few weeks later.

Mr and Mrs W were unhappy with British Gas. They felt British Gas would've known that the parts for their boiler were no longer being made and that therefore, it couldn't service their boiler if something went wrong. They felt British Gas should've told them about this in 2014. They said if they'd known that the parts were obsolete, they'd have had a chance to budget for a new boiler, which they couldn't now afford. They believed British Gas should refund them all of the monthly premiums they'd paid since 2014 onwards.

British Gas upheld Mr and Mrs W's complaint in part. It said manufacturers wouldn't routinely tell it when and if they ceased making boiler parts. So there might be times it wouldn't find out a part was obsolete until it tried to order that part. It said it had tried to contact Mr and Mrs W three times each year between 2015 and 2018 to arrange an annual service, but they hadn't got in touch. It explained that as Mr and Mrs W's boiler was more than 10 years old, the policy wouldn't cover a replacement.

But British Gas offered Mr and Mrs W compensation of £230. That was because it couldn't show that an engineer who serviced the boiler in 2018 had told them that their boiler was on the reduced parts list.

Mr and Mrs W weren't happy with British Gas' offer. They asked us to look into their complaint.

Our investigator didn't think the complaint should be upheld. She didn't think it was unreasonable that British Gas wouldn't know parts were no longer manufactured until it tried to order them. She could see British Gas had written to Mr and Mrs W in 2015, 2016 and 2017 to try to arrange a service and hadn't got a response. So she didn't think British Gas needed to refund any of the premiums Mr and Mrs W had paid. And she didn't think Mr and

Mrs W were entitled to a new boiler under the terms of the policy. She felt the compensation British Gas had offered was fair and generous.

Mr and Mrs W disagreed with the investigator. They said they felt they'd been mis-sold a one-sided policy. They argued British Gas had shown them on its last visit that it did have the obsolete parts list, but they hadn't been told their boiler was obsolete or dangerous in 2018. They said it had taken three weeks to disconnect the boiler, despite knowing it was unsafe. And that British Gas had been wrongly taking money for about five years. They told the investigator they'd no knowledge of the letters that had been sent. They said they didn't want British Gas to replace the boiler, they just wanted their premiums back. They were also unhappy with British Gas' sales processes.

So the complaint's been passed to me to decide.

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 don't think British Gas needs to refund Mr and Mrs W's premiums. I'll explain why.

Should British Gas have let Mr and Mrs W know their boiler was on a reduced service list?

Mr and Mrs W's boiler looks to have been about 19 years old when it broke down. It seems the manufacturer stopped producing replacement parts for the boiler about six years ago.

British Gas says it generally wouldn't know a manufacturer has stopped making replacements or that parts have become obsolete until the time comes to order those parts. There's no obligation on a manufacturer to let insurers and engineers know each time it discontinues making parts for a particular model.

I've looked carefully at the service history for Mr and Mrs W's boiler. It looks like when the boiler was serviced in 2018, an insulation panel was replaced. And during one of the engineer's visits in April 2019, a heat exchanger part was ordered. So it looks like some parts for Mr and Mrs W's boiler were still available at this point.

And I've also seen a copy of the renewal documents British Gas sent to Mrs W in October 2018. The agreement states:

'Your boiler's manufacturer stopped making your particular model of boiler a while ago. They're still making the most important parts for your boiler, some other parts are becoming difficult to source.

This means we may not be able to fix your boiler if it breaks down, but we'll do our best to keep it running for as long as possible.'

So even if the engineer who carried out the service in April 2018 didn't tell Mr and Mrs W their boiler was on a reduced parts list, I think this documentation made it clear. The renewal letter was correctly addressed and Mr and Mrs W seem to have known what their monthly premium post renewal was. So I think it's most likely this letter was received. Mr and Mrs W did renew the policy, despite the warning about the potential difficulty in getting parts for their boiler. And it doesn't appear, from what they've told us about the fact they hadn't budgeted for a new boiler, that this letter had caused them to start saving for a new one.

This means I think even if the engineer in 2018 had told them that they were on a reduced parts list, I don't think they would've done anything differently.

Did British Gas fail to act in line with the terms of its agreement?

From what I can see, letters were sent to Mrs W three times each year between 2014 and 2018, inviting her to arrange an annual service. These letters seem to have been sent to the address British Gas had for her on its system.

So while Mr and Mrs W say they've no knowledge of the letters, it does seem they were correctly sent. And if the letters weren't received, it was open to Mr and Mrs W to contact British Gas at any point during that period to arrange the annual service they were entitled to under their policy. I don't think it would be fair for me to tell British Gas to repay Mr and Mrs W's premiums when it appears it tried to provide the services it was contracted to.

Are there any other reasons why British Gas should refund the premiums Mr and Mrs W have paid?

Mr and Mrs W now feel they've been mis-sold the policy. But the financial business this complaint is about didn't sell their policy. So if Mr and Mrs W want to pursue this complaint, they'll need to get in touch with the seller.

I understand they also feel that they were left with an unsafe boiler for too long. This is a new point Mr and Mrs W have raised since the investigator looked into the complaint and British Gas hasn't had the chance to look into it. They'll need to give British Gas the chance to investigate this issue before we can look into it.

British Gas offered Mr and Mrs W £230 in compensation. I think this was a very fair offer. Turning back to the renewal documents, I can also see that the agreement says:

'In the unlikely event we can't fix the boiler, you may be able to get a refund backdated to when you last had work done, or to when you renewed your agreement – whichever is most recent.'

I think including the word 'may' in this term means it's discretionary and there's no obligation on British Gas to refund any premiums paid in these circumstances. However, it seems the premiums Mr and Mrs W paid after the policy renewed in November 2018 were more than covered by the £230 British Gas offered them. So I don't think it would be fair for me to direct British Gas to pay anything more.

My final decision

For the reasons I've given above, my final decision is that I don't uphold Mr and Mrs W's complaint.

If they'd now like to accept the offer of compensation British Gas Insurance Limited made to them, it's open to them to contact British Gas to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 20 April 2020.

Lisa Barham
Ombudsman