

The complaint

Mrs A complains that the settlement she's been paid by British Gas Insurance Limited (British Gas) for a replacement oven isn't fair.

What happened

Mrs A's oven was about 20 years old. It broke down and so she claimed on her kitchen appliance cover with British Gas. An engineer came out to look at the oven, but given its age, the parts he needed to repair it weren't available.

Mrs A claimed on the policy for replacement of the oven. The policy terms said if an appliance was over three years old, British Gas would pay a 30% contribution towards a new one.

British Gas considered photos of Mrs A's old oven, along with its specification. It offered Mrs A settlement of £64.32 towards a new oven, which it said was a 30% contribution towards a model of similar functionality. Mrs A wasn't happy with British Gas' offer and asked British Gas to reconsider. She felt her old oven had been a high-end oven and that the offer should reflect this.

Mrs A bought a new oven for £379. She considered British Gas' settlement should be 30% of the price of her new oven, rather than the model it'd based its calculation on. She asked us to look into her complaint. She also felt British Gas should offer compensation for the way it'd handled her claim.

Our investigator didn't think the complaint should be upheld. He acknowledged that when Mrs A's old oven was made, it was likely to have been considered mid-high end. But he thought that the model British Gas had based its settlement offer on looked to be of similar functionality. And he thought the new oven Mrs A had bought was of a higher specification than her old one, with superior features. So he didn't think British Gas needed to increase its offer to 30% of the price of the model Mrs A had bought. He considered British Gas had settled the claim in line with its policy terms. He didn't think British Gas needed to pay Mrs A any compensation.

Mrs A disagreed with the investigator. She felt that the terms and conditions of the policy were vague and ambiguous. She said that the main factors in buying her new oven were that it was manufactured in the same country as her old oven; quality and reliability. She mentioned that given the policy terms relating to replacements, she felt the policy was of no use to her, given the type of appliances she owns. And she said if she'd known that, she wouldn't have paid thousands of pounds for the cover. She also felt that her long-standing history with British Gas and the fact she hadn't previously made a claim on the policy should have some bearing on the complaint.

The investigator thought about Mrs A's comments, but he didn't change his mind. So Mrs A asked for an ombudsman's decision on her complaint. She added that the model oven she'd

replaced her old one with was the closest range to her original oven. And that the two brands were linked.

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've decided British Gas' offer of settlement is fair. I'll explain why.

It's clear Mrs A feels very strongly about this complaint. She's provided lots of information in support of it. I'd like to reassure her that I've carefully thought about everything she's sent me. But in making my decision, I've focused on the issues I think are the most important.

What does the policy say?

It's up to British Gas to decide how it wants to settle claims, so long as these are set out clearly in the policy terms and conditions. So I've first looked at what the policy says about replacing kitchen appliances:

'What's covered

- *A contribution towards a replacement if we can't repair it or if we decide it will cost less to replace than to repair. We'll source the replacement from our approved supplier and make the following contribution based on their current retail selling price.*
- *30% if your appliance is three years old or more.'*

It's not disputed that Mrs A's oven was over three years old, or that it couldn't be repaired. So I think a settlement offer of 30% was in line with British Gas' policy terms.

Mrs A feels the policy wording is vague and ambiguous – especially relating to the word 'their'. I've thought about this, but I disagree. I think 'their' is clearly intended to mean British Gas' approved supplier. And that read together, the term clearly means that settlement is calculated based on the approved supplier finding a replacement appliance and British Gas paying 30% of the approved supplier's current price.

British Gas' approved supplier found a replacement oven and British Gas calculated a 30% contribution towards the retail price. I've looked at the model the supplier found and researched its current retail price. Broadly, what British Gas has offered is 30% of the current market price of the oven, although some retailers charge slightly more and some less.

So on the face of it, British Gas has settled Mrs A's claim in line with the policy terms.

In this case, Mrs A's policy also defines what British Gas means by 'replacement', so I've turned to look at this definition. It says:

'In the case of kitchen appliance cover we'll provide a contribution towards a replacement appliance with similar functionality from our approved supplier.'

Based on this definition, I'll now consider whether or not the oven British Gas calculated its offer on was of similar functionality to Mrs A's old oven.

Was the replacement model found by British Gas' supplier of similar functionality?

It's clear from everything Mrs A's told us that she doesn't believe the model British Gas' approved suppliers found was of similar functionality, quality or reliability to her old oven. I've thought about what she's said. I've also looked closely at the photo of the oven she sent us and the broad specification of it.

It appears that Mrs A's old oven was a single electric oven, with a grill, fan and timer. The model the approved supplier found was a single electric oven of the same size, colour, which also had a grill and a fan, although it didn't have a timer. Broadly, the specifications of the proposed model were the same as the old oven.

I've thought about whether the absence of a timer makes a difference. Overall, I don't think it does. I've looked at single electric ovens of similar specifications which do include timers. Some of these are somewhat cheaper than the total price of the model the approved supplier found. So I think the offer would've meant Mrs A had around 30% (or more) to put towards an oven with much the same functions and specifications.

Mrs A provided us with a letter from an appliance engineer, which said that the brand British Gas had based its offer on was not well known and didn't have a reputation in the market. He also compared Mrs A's old oven to high end ovens.

However, the policy doesn't require British Gas to calculate settlement based on a like for like oven or brand. Nor find a model from a particular manufacturer or country. It only requires the appliance to be of similar functionality. And based on everything I've seen, while I know Mrs A disagrees strongly, I think it's most likely the model the approved supplier found was of similar functionality to Mrs A's old oven.

This means I think British Gas' offer of settlement was calculated fairly.

Has British Gas provided poor service?

Mrs A feels British Gas has offered poor service and should pay her compensation. I've considered the claim notes I've seen and all Mrs A's said. It seems to me that British Gas dealt with the initial call out promptly and agreed to accept the replacement claim in a fair amount of time. It seems much of the ongoing correspondence has been about how the claim should be settled, rather than down to any avoidable delays on British Gas' part. We generally also wouldn't uphold a complaint simply because of the length of time a consumer's been with a financial business. So I don't think it would be appropriate to tell British Gas to pay Mrs A any compensation.

I've seen that Mrs A's commented on the fact she believes the policy was of little use to her. British Gas wasn't responsible for selling Mrs A's policy to her, it's responsible for dealing with claims on the policy. If Mrs A wants to complain about the sale of the policy, she'd need to complain to the seller.

Overall, I think British Gas has offered to settle Mrs A's claim fairly. And I don't think it needs to pay her any compensation. So I won't be telling it to do anything more.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 13 April 2020.

Lisa Barham
Ombudsman