

The complaint

Mr M complains that British Gas Insurance Limited turned down a claim he made on his home emergency insurance policy.

Mr M's represented by his son.

What happened

In early June 2019, Mr M suffered a loss of electricity in the downstairs of his home. He made a claim to British Gas, which arranged for an engineer to visit. This engineer noted there was a *'fault on ground ring 1 cable at each socket and rodents present under floor substandard'* But he couldn't get underneath the flooring to check.

Three days later, a second engineer visited Mr M's home. The records of his visit state *'ground floor sockets not a true ring, hidden junction boxes under floor.'* British Gas said the only way around this issue was to lead a new cable to the sockets, which it said would be an electrical upgrade. It told Mr M the work wouldn't be covered by his home emergency policy, because the problem was down to a design fault which existed when he took out the cover. So it said he'd need to pay for the repair works himself. The engineer gave Mr M a verbal quote for the works, which Mr M asked for in writing.

British Gas didn't send Mr M a written quote until several days later. It said this could take up to 14 days. Mr M got some independent quotes and a third- party electrician completed the repairs on 22 June 2019.

Mr M was unhappy with British Gas' decision about his claim and his representative made a complaint on his behalf. He complained that the claim had been turned down; about the delay in getting a written quote and that he felt the policy wording was ambiguous. That's because it didn't define what was meant by a *'design fault.'*

British Gas maintained its decision to turn down Mr M's claim. It said the repair works weren't covered by the policy. But it acknowledged the first engineer should've arranged for a quote to be provided for the necessary repair works. So it offered Mr M £30 compensation as a gesture of goodwill.

Mr M's representative wasn't happy with British Gas' response. He asked us to look into Mr M's complaint. He provided comments from the electrician who'd carried out the repairs to Mr M's electrics to support his position. The electrician said the electrics that had been in place for a number of years conformed to British standards. He said a full diagnostic check hadn't taken place. But he said a fair assessment would be that the fault was caused by *'cable damage that had degraded below the threshold required by a residual current device.'*

Our investigator looked into Mr M's complaint. He called the electrician to get some clarification about the cause of the damage. In summary, the electrician said the installation was substandard and had lots of junction boxes under the floor. Based on this and the notes

from British Gas' engineers, the investigator didn't think Mr M's complaint should be upheld. He thought the fault likely had existed when the policy was taken out. And he didn't think the electrics could be repaired without improvements being made. Neither of these things were covered by Mr M's policy. So he thought it was fair for British Gas to turn down the claim.

Mr M's representative disagreed with the investigator. I've summarised his main points:

- The policy covers trace and access costs of up to £1000. British Gas hasn't said what it meant by a substandard floor or explained why it didn't lift the floor to investigate the cables;
- British Gas hasn't defined what it means by a design fault or provide a clear reference point to policy exclusions or acted in line with its legal and regulatory responsibilities;;
- There was no power in the downstairs of Mr M's home for almost three weeks. The time taken to provide a quote was largely in excess of the industry average;
- The electrician said the electrics were installed to the appropriate British standard;his comments reflect the quality of his work;The findings of the two British Gas engineers and the electrician weren't consistent with one another;

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 think it was fair for British Gas to turn down Mr M's claim. I'll explain why.

Mr M's representative has provided detailed submissions on Mr M's behalf. I'd like to reassure him that I've read everything he's sent me very carefully, even though I've summarised his points above. In making my decision, I've focused on what I think are the key issues. These are:

- Was it fair for British Gas to turn down the claim?
- Are the policy terms clear?

I'll address these points in turn. I'm unable to comment on the delays in producing the quote. That's because this relates to work that isn't covered by Mr M's insurance policy – it's chargeable work by British Gas. So I don't have the power to look into this part of his complaint.

Was it fair to British Gas to turn down the claim?

When Mr M first reported the electrical problems he was experiencing, British Gas sent out an engineer. That engineer thought the damage *could* be due to rodents, but he also thought there might be a problem with the cable ring, underneath the floor. He couldn't get access to fully diagnose the fault. I appreciate the representative's unhappy that the engineer referred to the floor as substandard. I can understand why the use of this word is upsetting. But I think it's most likely to refer to the position of the electrics within the floor as being substandard.

The second engineer who attended said the cable wasn't a true ring and there were junction boxes hidden under the floors. This appears to support what the first engineer found – that there was a problem with the cable ring. Both engineers agreed that there was a problem with how the cable ring had been installed, which was a fault with the original design and installation. So I've turned to look at the terms of Mr M's policy.

The '*general exclusions*' section of the policy says:

'Pre-existing faults

Your products don't include cover for any faults or design faults that:

- *Were already there when your boiler, appliance or system was installed;*
- *Existed when you first took out the product.'*

As the engineers put the problem down to a design fault, British Gas said the claim wasn't covered. And as the engineers were able to access the fault without needing to lift the floors, it seems trace and access wasn't required.

Mr M's representative has provided evidence from his electrician to counter the findings of British Gas' engineers'. I've considered this evidence very carefully. I acknowledge that in his email, he told us that the electrics were installed in line with British standards. But I also have to place significant weight on the conversation he later had with our investigator in which he went into quite a bit more detail about the cause of the problem.

During that call, the electrician said (in summary) that the fault was more down to the standard to which the system was installed than any one issue. He said the installation was substandard and not the standard he'd expect to see. And he said there were a lot of junction boxes under the floor, meaning there wasn't access to them. He said, "*You'd hope that the people that installed the work were good at their jobs, but unfortunately they weren't.*" And he also added, "*It doesn't help when the thing's installed incorrectly...this didn't have a chance really.*"

In my view, the electrician's comments support that the problem with the electrics was down to faults in the way the system was installed. I've also looked at the invoice the electrician provided to see what works he carried out. This says: '*to install additional socket from new radial circuit in living room.*' The electrical condition report also says '*new radial circuit to ground floor.*' Again, this appears to support what British Gas' engineers found – that there was a problem with the circuit on the ground floor. So I do think the findings of all three experts were broadly consistent.

It seems the repairs couldn't take place without a rewire and the installation of new sockets. This would be an upgrade to electrical works which simply isn't covered by the policy. And the evidence I've seen shows it's most likely the fault was due to poor installation of the electrical system at the start. So I think it was specifically excluded by the policy terms. Overall, this means I think it was fair for British Gas to turn down Mr M's claim.

Are the policy terms clear?

Mr M's representative feels the policy terms are ambiguous because they don't define what 'design fault' means. In the absence of a definition, we usually look at the ordinary meaning of a word. In this case, fault would mean a mistake; something broken or a weakness in a system. A design fault would therefore mean a weakness or mistake in the design of Mr M's electrical system. As I've explained, I think all three engineers found problems with the installation and design of Mr M's electrical system. So I don't think the policy is unclear on this point.

Mr M's representative has also mentioned that the exclusions of the policy weren't referenced clearly. Insurers need to make sure significant or unusual exclusion clauses are drawn to a policyholder's attention when they take out a policy and are clearly set out in the policy wording. I think the exclusion clauses are clearly explained in Mr M's policy.

They're also fairly standard terms – insurance is designed to cover unexpected or unforeseen events, not problems that have already happened. Most, if not all, home emergency insurance policies wouldn't cover problems that already existed when a policy was taken out, or betterment. So even if I didn't think the policy had been clear enough, I don't think Mr M would've been able to find a policy that did cover his situation.

Overall, I think British Gas has treated Mr M fairly in the way it handled his claim and I don't think the policy is ambiguous. So I won't be asking it to pay Mr M anything more.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 25 May 2020.

Lisa Barham
Ombudsman