

The complaint

Ms K complains that British Gas Insurance Limited (BG) incorrectly charged her a policy excess fee, on her home emergency insurance.

What happened

In February 2019, BG attended Ms K's home and carried out an annual service. The day after the service Ms K reported that she had no hot water. BG had told her that there wouldn't be an excess fee charged. When the engineer attended, Ms K said that he also confirmed that there wouldn't be any excess to be paid.

A few weeks later, Ms K received an invoice for the policy excess charge for £60. She contacted BG and raised a complaint. In its final response, BG didn't agree to waive the charge as it said the fault her boiler experienced wasn't due to the annual service, so the excess was payable in accordance with the terms and conditions of the policy. It did accept that Ms K was given incorrect advice originally by its advisor and it apologised for the level of service she experienced.

Ms K was unsatisfied and so referred her complaint to this service. Our investigator didn't uphold the complaint. She said that:

- BG had relied upon the terms and conditions of the policy which allowed it to charge the excess.
- The excess became chargeable as Ms K had reported a fault.
- That BG had acknowledged its mistake after it had told Ms K that she wouldn't be charged.
- If BG had initially correctly informed Ms K that she would have to pay the excess, it is likely she would still have gone ahead and asked BG to carry out the repairs.
- If BG had initially correctly informed Mrs K that she would have to pay the excess, it is likely she still would have gone ahead and asked BG to carry out the repairs.
- BG correctly invoiced Ms K, unfortunately as Ms K chose not to pay the invoice it affected her credit file, which BG weren't responsible for.

Ms K didn't accept our investigator's view as she said that BG had given her the incorrect information twice. She felt that the documentation BG supplied was misleading, so she asked for the complaint to be referred to an ombudsman.

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 be upholding this complaint. I realise this will be a disappointment to Ms K, but I hope my findings go some way in explaining why I've reached this decision.

I must consider this complaint impartially and look at whether BG acted unfairly in its dealings with Ms K. I think there are three specific aspects to this complaint. Firstly, the incorrect information given. Secondly, Ms K felt that the documentation BG relied upon was misleading for customers. Finally, the affect Ms K's failure to settle the invoice has had on her credit file.

BG has accepted that during the phone call, its advisor gave Ms K incorrect information regarding the payment of the policy excess. Ms K said that the engineer who attended also said that no excess would be charged. So I can understand why Ms K felt she was given misinformation on two occasions. But, I have reviewed the job sheet which was completed by the engineer who attended, it said: *'replaced PCB, fault not related to service chargeable'*. So I am persuaded by BG's explanation that the fault found, wasn't as a result of the annual service (which Ms K had the day before).

I also think that, in using the word 'chargeable' here, the engineer was referring to the fact that the repair that needed to be carried out would involve Ms K having to be charged a sum of money. That was because her policy carried a £60 excess for repair work that needed to be undertaken

I have looked at the terms and conditions of the policy and it makes it clear that the excess is the amount that the policy holder agrees to pay to each completed repair or replacement. So BG has applied its terms fairly and I can't say that Ms K wouldn't have been aware that a charge was likely.

Ms K also complains that the documentation that BG relied upon was confusing as there was no explanation about what it meant by 'chargeable work'. I've asked BG for an explanation of this and what it says is in line with the information that it previously told Ms K. 'Chargeable work' BG has explained means work that isn't covered by the terms of the policy. I can understand why this may have caused some confusion, as Ms K has been charged a sum of money for the repair. But that was payable because the fault that Ms K contacted BG for was covered under the terms of the policy. She wasn't charged for the full repair, but an excess fee was still due. So, I can't say that BG was unreasonable by requesting that the excess is paid.

This is further supported by the terms and conditions of the policy document which says:

*'Your **statement** shows how much **excess** or **fixed fee** you've agreed to pay each time we complete a **repair**..... Or, we find a fault during a **first service** or **annual service**. If the fault is related to one we've fixed for you in the last twelve months, then you won't have to pay an additional **excess** or **fixed fee**. Our engineer will use their expert judgement to decide whether a fault is related to an earlier fault or not..... send you an invoice for the **excess** or **fixed fee** after we've completed the **repair**.'*

From this evidence, I think that BG has indicated that if a fault happens, the excess fee is payable. It seems that if there is a re-occurring fault then the excess fee isn't payable. But in this case, a fault hadn't re-occurred as from the evidence, this was the first time that Ms K had requested an engineer to report a fault. In addition, the engineer who attended, noted that the fault with the boiler had nothing to do with the service. So, I can't say that BG was unreasonable to rely upon the terms and conditions of the policy when it requested for Ms K to pay the excess.

I have finally looked at the effect on Ms K's credit file by the unpaid excess charge. Ms K has said that out of principle she didn't pay the excess charge and I can understand her position. But, BG sent reminders seeking payment of the excess charge. I can see that it explained to

Ms K in phone calls that the excess was payable, and it was for Ms K to decide if she wished to pay it. Regrettably, Ms K chose not to pay it and I see that a search was recorded on her file.

Our investigator asked for further information from Ms K to see a full credit file (as only a snapshot was sent) to assess the impact this made on Ms K's credit record. Unfortunately, Ms K didn't supply this, so I can only assess the evidence that I have.

BG has applied a marker showing an unpaid debt. As I'm satisfied the excess was payable and Ms K accepts it hasn't been paid, I think BG has applied the marker to her account factually, showing how she's conducted her contract with it. And I think it was entitled to do so as it's an accurate record and reflection of the way the policy's been maintained. So overall, I am satisfied that BG correctly invoiced for the excess fee charge and that it treated Ms K reasonably and I can't ask it to do anything more in the circumstances.

My final decision

My final decision is that I don't uphold this complaint, for the reasons given.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 6 November 2020.

Ayisha Savage
Ombudsman