

The complaint

Mr R is unhappy at how British Gas Insurance Limited dealt with the cancellation of his home emergency cover.

What happened

Mr R contacted British Gas on 23 September 2019 to cancel his home emergency cover. But British Gas didn't cancel it. They renewed the policy instead and, on 1 October, collected the £195.25 premium from Mr R's bank account.

British Gas initially refunded Mr R £192.54 – a pro-rata refund because they'd provided cover Mr R didn't want for a few days. Mr R contacted British Gas about this and they eventually issued a refund for the remaining £2.71. But they sent the £2.71 to the wrong address, so it took some time for Mr R to receive his full refund.

Mr R has complained that British Gas didn't cancel his policy when asked, and then didn't deal with the refund of the premium they'd incorrectly taken correctly. He's also unhappy with how he was dealt with when he spoke British Gas about this.

Our investigator found British Gas hadn't cancelled the policy when they should've, and that they didn't deal with the premium refund effectively. He also found that British Gas could've done better when they spoke to Mr R.

Mr R received £70 compensation from British Gas, but the investigator said this wasn't enough for the trouble and upset he'd been caused. He recommended that British Gas pay Mr R an additional £80, taking the total payment to £150.

British Gas didn't agree with the investigator. While they agree they could've done better, they feel that the compensation they've already paid Mr R is sufficient for the inconvenience he'd been caused. So they've asked for an ombudsman to make a final decision.

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 have reached the same overall conclusions as the investigator, and for broadly the same reasons.

I've seen that British Gas sent Mr R an (undated) renewal letter for his home emergency policy. This confirmed the policy was due for renewal on 26 September 2019 at a cost of £195.25. The letter also said British Gas would automatically renew the policy unless Mr R called to cancel "*before your agreement ends*". British Gas's case notes show that Mr R called to cancel on 23 September.

But British Gas renewed the policy and collected the renewal. And when British Gas actioned the cancellation request on 1 October, they took that to be the cancellation date and issued a pro-rata refund. On 3 October, British Gas wrote to Mr R to tell him they were

refunding him £192.54. Mr R called them about the refund on multiple occasions, and it wasn't until 21 October that British Gas agreed to refund the additional £2.71.

British Gas's case notes for 14 October show *"the advisor [Mr R] spoke to didn't understand what was going on. The customer service advisor had lack of training."* The case notes from 21 October also say that Mr R hadn't received the payment of £195.25 and that he was about to move house so needed the refund issuing urgently.

The premium was collected by direct debit, so I'd reasonably expect British Gas to reverse the transaction and refund the premium direct to Mr R's account. This is what Mr R was originally told would happen. Instead British Gas issued the refund by cheque. The original cheque for £192.54 was cancelled (because Mr R never received it) and re-issued to Mr R on 31 October. This was sent to his new address. But the cheque for £2.71 issued on 22 October was sent to Mr R's old address. It wasn't until December that British Gas sent this cheque to the correct address.

British Gas originally agreed to compensate Mr R £40 for the poor service they'd provided, but they only sent him £30. Mr R contacted British Gas about this on 30 October. British Gas sent him another cheque for the £40 compensation - to his old address. Again, it was December before the cheque was sent to the correct address. These two payments make up the £70 Mr R has already received from British Gas.

Putting things right

If this was just a problem with cancellation that'd been sorted quickly, I'd agree with British Gas that the compensation they'd already paid was sufficient. But it was more than a simple error that was quickly resolved. Not only did British Gas only initially issue the pro-rata refund, without any explanation why, it took multiple phone calls before they agreed to refund the remaining premium.

Mr R told British Gas his new address and they sent a cheque to here. But they also managed to send multiple cheques to the wrong address after this. Add to that the untrained staff member who told Mr R they didn't know what was happening and Mr R's personal circumstances (he'd just moved home and had a new baby), and I agree he suffered more trouble, upset and inconvenience than British Gas have accounted for.

So, for the reasons stated, I agree with the investigator that British Gas should pay Mr R an additional £80 to compensate him for the impact of their service.

My final decision

For the reasons explained above I uphold Mr R's complaint. British Gas Insurance Limited must follow my directions above.

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

Andrew Burford
Ombudsman