

The complaint

Mr L is unhappy with the delays and poor service he experienced when making a claim under his Appliance Cover with British Gas Insurance Limited (BG).

What happened

Mr L had HomeCare with Kitchen Appliance Cover with BG. His microwave oven (oven) broke and BG attended to carry out a repair. The part needed was obsolete, so BG advised Mr L to buy a new oven. Under his policy, BG would contribute 30% towards the replacement of an appliance more than three years old.

Mr L bought the oven, but at first, BG only contributed 30% of the cost of a different, less expensive model. Mr L complained and BG said there had been some confusion – the oven should've been sourced through its approved supplier. In recognition of the misunderstanding, it increased its payment to 30% of the cost of the oven Mr L had already bought.

Although BG had settled the claim, Mr L remained unhappy with the way it had handled matters. He described delays, missed appointments, failure to return calls, chasing contact, and a general dissatisfaction with BG's service. BG investigated and accepted its shortfalls. It made a payment of £50 to Mr L as a gesture of goodwill. Mr L didn't think it was enough to address the poor service he'd experienced.

Our investigator upheld his complaint. He thought that BG should pay a further £100 in recognition of the delays and overall time taken to settle the claim. In addition, he thought that BG should cover the cost of Mr L's phone calls, upon proof of payment, which amounted to over 60 calls.

BG didn't agree. BG explained that the settlement of 30% was already above and beyond what Mr L was entitled to, so that, along with the £50 offered, was enough.

The complaint was 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.

I've decided to uphold Mr L's complaint for broadly the same reasons as our investigator. I'll explain.

Mr L was unhappy with the way BG handled his claim for his broken oven. While the claim itself was settled and is not disputed, I think it's important to mention it briefly because it helps to explain why I've decided to uphold Mr L's complaint.

BG said it would contribute 30% of the cost of a new oven to replace his broken one. Mr L bought a new oven because he says BG told him to source one. BG says that wasn't in line

with the normal process but, after initially offering a lower amount, BG honoured the 30% contribution.

The terms of the policy state:

“Kitchen Appliance

What’s covered

- *All repairs to the kitchen appliance(s) shown on your statement*
- *A contribution towards a replacement if we can’t repair it or 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:*
 - *100% if your appliance is less than three years old*
 - *30% if your appliance is three years old or more*

You may use our contribution towards an alternative model of your choice from our approved supplier. There is no cash alternative”

I think the terms here are quite clear – BG would source the replacement. So, whether it was because of a misunderstanding or whether Mr L was, in fact, given incorrect advice, BG has contributed 30% of the full retail price despite Mr L not following the process set out in his policy. However, I can see that he didn’t tell BG he’d bought the oven until he’d had numerous conversations with it and eight weeks had passed since he first reported the matter. Some of that time was taken up waiting for engineer appointments and for parts to arrive, but I think that Mr L had waited a reasonable amount of time before he went and bought the oven himself. At that stage, I don’t think it’s unreasonable for him to have thought that it was for him to buy rather than waiting for BG to provide. So, considering the time taken, I think it was fair that BG contributed 30% to the replacement oven Mr L sourced himself.

Moving on to the matter of how BG handled the claim, both parties are aware of the issues, so I don’t think there’s any benefit in discussing them here at length. BG thinks that its increased contribution to the cost of the oven, in addition to the £50 it already paid, is enough to address the shortfalls in service, which can be summarised as:

- confusion about whether a repair could be done
- time taken to settle the claim
- around 60 phone calls
- repeating the claim to each new handler on those calls
- no nominated case handler
- Mr L repeatedly chasing updates
- poor response time on phone calls
- long time waiting on hold
- not returning calls
- delayed correspondence

While some of the issues relate to business process, given the numerous delays, calls, and confusion, I think it’s evident that what should’ve been a relatively straightforward matter has become drawn out. It was almost four months until BG finally settled the claim and I don’t think that’s a reasonable timescale for replacing a microwave oven. Considering this, I think it’s fair for BG to pay Mr L a further £100 for the upset, inconvenience and frustration caused by delays and misunderstandings about the process.

Also, given that Mr L repeatedly made calls to BG, I think it’s fair for BG to repay the costs upon receipt of evidence from Mr L of the directly related call charges.

Finally, Mr L also complained about BG's delays in handling his complaint. I understand he is aware that I will not be addressing that matter. My role is to look into his complaint about regulated matters – in this case his claim and any associated service in handling the claim. Complaint handling is not a regulated service and, therefore, outside my remit.

In summary, I'm satisfied that BG settled the claim for the replacement microwave oven, but, because of its service shortfalls, I consider a further payment of £100 is warranted. And, upon receipt of proof from Mr L of the direct costs he incurred when making numerous calls during the claim process, I think it's fair for BG to reimburse those costs.

My final decision

For the reasons given above, my final decision is that I uphold the complaint. British Gas Insurance Limited must:

- pay Mr L a further £100 by way of apology for the service shortfalls and delays in processing his claim, and
- upon receipt of evidence, repay Mr L for the cost of direct calls made to BG about this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 2 December 2020.

Debra Vaughan
Ombudsman