

The complaint

Mrs O complains that since 2011 she has been paying premiums to British Gas Insurance Limited ("BGI") for a home emergency insurance policy that she wasn't aware of.

What happened

In September 2019, Mrs O received a renewal letter from BGI about a home emergency insurance policy called "Energy Extra 50 policy". She says she hadn't been aware of this policy and queried it with BGI. She was told this had been shown on the billing account for her energy supplier since July 2011.

Because she didn't know about it, Mrs O asked for all the payments she had made for this since 2011 to be refunded. BGI said renewal letters for this product had been sent to Mrs O every July since 2011. The costs of the product were also shown on every bill sent by her energy supplier since then. So it wouldn't agree to make any refund.

Mrs O complained to us. However, BGI raised an initial point that because of the time that had elapsed since Mrs O started paying for the product, under our rules we couldn't consider her complaint without its consent, which it wasn't willing to give.

Our investigator agreed that this was the case. He said that under the rules set by the Financial Conduct Authority (FCA), which we are required by law to follow, we couldn't, without BGI's consent, consider a complaint unless it was brought within six years after the policy started, or within three years after Mrs O should reasonably have been aware of the policy.

BGI had supplied a copy of Mrs O's energy supply bill dated October 2011 which showed a cost for the Extra Energy product. It also supplied a copy letter sent to Mrs O in July 2015 telling her she could cancel the product if she wished. So he agreed that the complaint failed both the tests he had referred to.

We could consider a complaint outside those time limits if there were exceptional circumstances. But he said he wasn't aware of anything that would have prevented Mrs O from complaining within the set time limits. So we wouldn't consider her complaint further.

Mrs O said she had a private engineer service her boiler and do any repairs needed for a year, which she wouldn't have done if she knew about the policy with BGI. She cancelled her BGI policy on 13 September 2019 and asked for her complaint to be reviewed.

My provisional findings

I issued my provisional view to Mrs O and to BGI on 3 February 2020. In it I said I'd asked the investigator to make some further enquiries of BGI. As a result of these enquiries it transpired that:

- up till July 2015, there was no insurance policy in existence. Mrs O had an energy tariff with her supplier called “Extra Energy”. Under this she paid an extra daily charge on her gas bill for her supplier to provide a boiler repair service; and
- on 30 July 2015, BGI wrote to Mrs O telling her that this arrangement would come to an end on 31 August 2015. After that date BGI proposed to provide her with an insurance policy providing similar benefits. BGI said it would provide Mrs O with more details before it made this change. It said she could also tell BGI she didn’t want to continue the arrangement.

I said that this service could only consider complaints that fell within the dispute resolution rules (DISP) established for us by FCA. So we could consider complaints about a home emergency insurance policy. But we couldn’t consider complaints about an uninsured boiler repair service.

BGI had confirmed that up till 2015, the product provided for Mrs O’s “Extra Energy” tariff was a repair service, not an insurance policy. That being so, I couldn’t consider anything that happened in relation to the repair service from 2011 until it changed to an insured product, apparently in 2015. However, the energy ombudsman service might be able to look at this for Mrs O.

On the other hand, as the insurance policy started, at the earliest, in 2015, it didn’t fall outside the time limit mentioned above. So I could consider this part of Mrs O’s complaint. BGI had agreed that this was the case.

So that I could consider this part of Mrs O’s complaint, the investigator had asked BGI to provide the following documents:

- the correspondence sent to Mrs O (after the letter of 30 July 2015 referred to above) which established Mrs O’s new policy;
- a copy of the policy document and any subsequent amendments to it; and
- any correspondence sent to Mrs O each year after the policy was set up dealing with renewal of the policy, or referring to the policy.

BGI hadn’t been able to supply any evidence of Mrs O entering into the policy, or a copy of the policy terms. It wasn’t clear when any policy began. An energy bill for the three months to 10 September 2015 contained the old service arrangements and didn’t mention any insurance policy.

A bill for the three months to 13 September 2017 did seem to include payment of a policy premium because of a mention of Insurance Premium Tax. But this wouldn’t necessarily have been obvious to a consumer such as Mrs O.

BGI had sent us copies of renewal notices issued to Mrs O in August 2018 and August 2019. These had information about what was covered by the policy BGI offered. However, in the absence of any evidence that Mrs O had agreed to take out a policy, and was aware of its full terms after July 2015, I couldn’t say that these should affect Mrs O’s position.

I said that on the evidence I’d seen, I didn’t think Mrs O had agreed to enter into an insurance policy with BGI from the date it was first available in 2015 until Mrs O cancelled it on 13 September 2019. I accepted her evidence that she wasn’t aware she had entered into any such policy until September 2019, and so she had paid for an alternative service.

That being so, I thought it was fair and reasonable that BGI should refund to Mrs O all the premiums it had charged her for any such policy between those dates, with interest from the respective dates of payment. I thought it should also pay her a further £150 as compensation for the distress and inconvenience it had caused her.

Responses to my provisional decision

Mrs O didn't respond to my provisional decision.

BGI didn't provide any of the further documents the investigator had asked for earlier. It said, in summary, that:

- it had written to Mrs O in July 2015 pointing out that she then had "Extra Energy" and could cancel it if she wished. But she hadn't responded to this letter;
- all energy bills sent to Mrs O were headed "Extra Energy" so BGI was clear about the product Mrs O held;
- the renewal notice sent to Mrs O in August 2018 clearly showed the product. However, Mrs O hadn't contacted BGI to discuss this; and
- it had found from its records that Mrs O had apparently booked boiler breakdown visits with BGI in February 2011 and December 2013. So Mrs O must have been aware then that she had the benefit of the product.

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.

The breakdown visits BGI has found relate to the previous non-insurance product which, as I've said, we can't consider. So I don't think they are relevant to the issue of whether, from July 2015 onwards, Mrs O had agreed to enter into an insurance contract with BGI, and was aware of its terms. I don't think anything BGI has provided is evidence that she did. So my view remains unchanged.

Putting things right

I remain of the view that BGI should refund all the premiums it charged her for the policy, and pay her the further sums I mentioned in my provisional view, all as set out fully below.

My final decision

My decision is that I uphold this complaint, and order British Gas Insurance Limited:

1. to refund to Mrs O all premiums it has charged her for home emergency insurance cover between July 2015 and 13 September 2020;
2. to pay Mrs O interest on these premiums at the yearly rate of 8% simple from the date each premium was paid by Mrs O until settlement (*); and
3. to pay Mrs O compensation of £150 for the distress and inconvenience it has caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 14 April 2020.

(*) If BGI considers that it's required by HM Revenue and Customs to withhold income tax from that interest, it should tell Mrs O how much it's taken off. It should also give Mrs O a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue and Customs if appropriate.

Lennox Towers
Ombudsman