

The complaint

Mrs M complains that British Gas Insurance Limited has turned down a claim she made on her home emergency insurance policy.

What happened

In November 2017, Mrs M added electrical cover to her home emergency insurance policy. She told British Gas about a fault with her electrics. British Gas sent out an engineer to look into the issue. Mrs M said the engineer told her it was probably down to rodent damage which wasn't covered by the policy. British Gas' notes stated the engineer had disconnected cables and told her she needed a rewire.

In December 2018, Mrs M called on British Gas again. She said the engineer again told her this was likely to be due to rodent damage and that the floor would need to be taken up to repair it. This time the engineer recorded that he'd disconnected cables and that Mrs M had refused a quote.

Mrs M called British Gas for a third time in May 2019. She said the engineer told her the floor would need to come up and nothing could be done until it was taken up. The engineer's notes say there was a break in the cable and the underfloor needs lifting. Mrs M says she was told that her policy didn't cover trace and access costs and that she'd need to pay for this herself.

Unhappy with how British Gas was handling her claim, Mrs M complained. She said there was no exclusion for rodent damage in her policy. And her policy also covered trace and access and making good up to a limit of £1000. She wasn't happy with the work the engineers had done.

British Gas sent out another engineer in June 2019. This engineer found the upstairs sockets were linked to the downstairs sockets. He said this wasn't good practice as ring mains should be wired separately. And he advised the floors would need to be taken up to find out where the mains were linked. He said some of the wiring was around 50 years old and needed to be replaced.

On this basis, British Gas suggested Mrs M should have an Electrical Condition Inspection Report. It told her the policy excluded the costs of rewiring her home. And it pointed to a policy term excluding claims for faults which existed when the policy started. But it offered to refund her the premiums she'd paid since the start for the electrical cover.

Mrs M remained unhappy with British Gas' position and asked us to look into her complaint. Our investigator asked British Gas for some more information. He asked what was the actual problem with the socket. It said there was a fault in one of the legs of the circuit, meaning a

junction box somewhere on the circuit was causing the main circuit breaker to trip. The investigator asked British Gas if there was a reason why this issue couldn't be fixed. British Gas didn't respond to this question.

So the investigator recommended the complaint should be upheld. He acknowledged some of the cables were old, so he understood why a rewire had likely been suggested. He accepted the policy didn't cover a rewire, but he pointed out this wasn't what Mrs M was asking for. But he didn't think British Gas had shown that the repairs needed to Mrs M's electrics weren't covered by the policy. He also thought British Gas should pay Mrs M compensation of £150 to recognise the errors it'd made.

British Gas didn't respond to the investigator's assessment, although it did receive it. Mrs M said she'd have concerns about getting British Gas to do the repairs. 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've decided British Gas hasn't treated Mrs M fairly. I'll explain why.

Has British Gas considered the claim fairly?

It's clear Mrs M's been experiencing faults with her electrics since at least November 2017, when it seems the electrical cover was added to the policy. British Gas has pointed to a general policy exclusion which says that pre-existing faults aren't covered – faults that pre-date the start of the policy. So I've thought about whether the claim should be turned down on this basis.

I asked British Gas to send me a copy of the call between it and Mrs M when she called to add the electrical cover to her existing policy. It seems to me that if she told the call handler that she was already experiencing electrical faults at this point; the call handler ought to have let her know that these wouldn't be covered. So I wanted to check whether its call handler had pointed out the pre-existing fault exclusion.

British Gas responded to say it no longer had the sales call and sent me a screenshot. This doesn't show me what was discussed during the call. So I've gone on to make my decision based on the information I do have.

As I've explained, I think that British Gas had the opportunity at the outset to tell Mrs M the fault wouldn't be covered because it already existed at the time she added electrical cover to her policy. There's no evidence to show me it did so. Instead, it's sent four engineers out to look into the cause of the problem since 2017 onwards. So I'm not sure, in the circumstances of this case, that it's fair and reasonable for British Gas to now try and exclude cover for a pre-existing fault. That's because I think it could've simply told Mrs M at the start that the fault wouldn't be covered because it already existed when she took out the policy.

In any event though, I'm not persuaded British Gas has shown it's fair for it to rely on this exclusion to turn down Mrs M's claim. I've looked carefully at the job notes provided by the engineers. In 2017, the notes say the engineer had disconnected hidden joints. In 2018, the engineer tested disconnected cables, but left because Mrs M didn't want a rewire quote. In May 2019, the engineer recorded that there was a break in the cable and the floor needed to be lifted to get access. And the fourth engineer said the junction box was underfloor and Mrs

M would need to provide access.

Looking at these notes; there doesn't seem to be a consistent cause for the faults Mrs M's experienced. British Gas has since said that there's a fault on one of the legs on the circuit, which means a junction box somewhere on the circuit is causing a junction box to trip. This again differs to the previous issues recorded. It seems this might be fixable. And the investigator gave British Gas the opportunity to explain why this fault wouldn't be covered under the policy, but it didn't respond.

So while the fault *might* pre-date the start of the policy, I'm not satisfied that British Gas has shown me it does. It's for an insurer to show an exclusion clause should apply and on balance, I don't think British Gas has done so here, despite the many opportunities it's had to do so over the past two years.

I accept the policy doesn't cover a full rewire. But that isn't what Mrs M's asking for. She simply wants the fault with her electrics fixed. British Gas hasn't given me any reason to think this isn't possible. In fact, it clarified that the floor wouldn't need to be lifted to get the repairs done. This makes me think a repair can be carried out, without the need for trace and access. And that it knows what needs to be done to put the fault right.

Overall, I think British Gas needs to accept Mrs M's claim and is liable for ensuring the repairs are done. I appreciate Mrs M doesn't want British Gas to do this work for her. I considered whether a cash settlement towards the cost of repairs would be more appropriate, so the investigator asked British Gas how much it would cost it to carry out a one-off repair. It didn't respond.

So in this particular case, I've decided it's appropriate for Mrs M to decide how she'd like the repairs dealt with. This means she can either opt for British Gas to carry out the necessary repairs; or she can get an electrician to provide a quote for the cost of the repair works. She'll need to send this estimate to British Gas so it can meet any reasonable costs for the repair works. It had the opportunity to tell me how much the repairs would cost it, but it didn't do so, despite extended time. So I don't think it would fair for it to try to limit settlement to its own costs now. It won't be liable for any upgrade works though.

I appreciate British Gas refunded two years of premiums. But it did so as a gesture of goodwill. There's nothing to suggest it cancelled the policy. Given this, I don't think Mrs M needs to repay the premiums in order for her claim to be covered.

The service Mrs M received

I think Mrs M has received poor service from British Gas. It seems she was given conflicting information about whether her claims would be covered and why. She's been told trace and access wasn't covered, when in fact her schedule clearly states this is covered up to £1000. The issues have been ongoing for over two years. So I think it's fair for Mrs M to be paid additional compensation on top of the premium refund she received. I agree with the investigator that £150 is a fair sum for the trouble and upset she's likely to have suffered. That's because I think the misinformation must've been frustrating. and she's been left with faulty electrics for some time.

Taken together with the refund of premium Mrs M's received, I direct British Gas to pay Mrs M a further £150 for her trouble and upset.

My final decision

For the reasons I've given above, my final decision is that I uphold Mrs M's complaint.

I direct British Gas Insurance Limited to:

Either carry out the repairs to the fault under Mrs M's home emergency policy; *or* meet the reasonable costs of getting the repairs done once Mrs M has sent an estimate to it to consider, depending on which of these options Mrs M's chooses.

I also direct British Gas to pay Mrs M £150 for her trouble and upset.

British Gas Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mrs M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

*If British Gas considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs M how much it's taken off. It should also give Mrs M a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 24 July 2020.

Lisa Barham
Ombudsman