

The complaint

Ms O on behalf of her parents complains that British Gas Insurance Ltd have unfairly treated her parents when renewing their 'homecare' policy.

Any reference to British gas includes its agents. As Ms O is representing her parents, I'll mainly refer to her throughout my decision.

What happened

Mr and Mrs O had a British Gas home care policy for a number of years. This policy, in summary, offered cover for their boiler. The policy renewed a number of times after inception, increasing in price at the point of each renewal.

Around the time of the renewal in 2019, Ms O was visiting her parents and saw the renewal letter that British Gas had sent her parents. The quote give for renewal was around £412. Ms O deemed this to be excessive and searched online for the price for a new customer.

The quote she found was around £253. Ms O then rang British gas and asked for her parents to be given the same price as a new customer. British Gas told her they'd be unable to match the price as it contained an introductory offer.

They instead offered Ms O an updated quote of around £179, with a discount for the year and an excess amount of £60. Ms O agreed to this on behalf of her parents.

Both parties now agree that Ms O's parents are vulnerable customers based on their age and medical circumstances. Ms O was unhappy as she felt British Gas didn't treat her parents fairly under their business policy for vulnerable customers. In particular she feels that had it not been for her intervention, then her parent's policy would've auto renewed and they'd be paying a higher price. She also feels that British Gas should've offered her parents the same deals available to new customers.

Ms O wants British Gas to stand by their policy and now refund the difference between what a new customer would've paid and what they have paid at each renewal for the length of time that British Gas have known that her parents were vulnerable.

British Gas looked into Ms O's complaint but didn't uphold it. They said that Mr and Mrs O are on their 'Priority Service register' for vulnerable customers and they've recorded the medical circumstances. They offered Ms O the chance to deal with the account on her parents behalf by obtaining a power of attorney. In relation to the main part of Ms O's complaint, British Gas didn't uphold it.

Ms O remained unhappy and referred the complaint to our service. Our investigator didn't uphold the complaint. In summary, he found that British Gas hadn't treated Ms O's parents unfairly and as a business they could set their insurance premiums as they saw fit or choose which customers they offer discounts or offers to. He also found that the setting of premiums in this case wasn't influenced by Mr and Mrs O's personal circumstances, rather factors like the age and condition of their boiler.

Ms O didn't accept our investigators findings and the complaint has now been passed to me for a 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.

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where there's a dispute about what happened, I've based my decision on what I think's more likely than not to have happened in light of the evidence.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. However, I've given careful consideration to all of the submissions made before arriving at my decision.

I acknowledge that this is an emotive complaint for Ms O given the issues involved and her parents' circumstances. But when coming to my decision the key finding I need to make is whether or not British Gas have treated Mr and Mrs O fairly and reasonably.

Having done so, I have to tell Ms O that I think the investigator has reached a fair outcome here regarding the main part of Mr and Mrs O's complaint. So I won't be asking British Gas to refund the difference between what her parents paid and what a new customer would've paid each year. However, I've reached a slightly different conclusion overall and I'll explain why below.

British Gas have said that their premiums for this type of policy are set based on factors like the age and condition of a boiler. I've also seen the underwriting criteria that is at the back of the premiums charged in this case and I think that Mr and Mrs O have fairly been charged what any other existing customer would have been with a similar boiler.

British Gas accept that often new customers will benefit from discounts or introductory offers during the first year of a policy. This isn't at all unusual and common across the insurance industry. So I can't say that they've done anything wrong here.

It's also not within my remit to direct British Gas to set their insurance premiums in a particular way or tell them how they should offer discounts or promotions to individual customers or to dictate what literature they can or can't use. Ultimately, customers are free to shop around for a better deal if they so wish. I appreciate in Mr and Mrs O's circumstances that may have been more difficult, but I'm pleased to see that following Ms O's intervention Mr and Mrs O benefited from a cheaper premium for the current year.

A large part of Ms O's complaint is about what she perceives to be British Gas going against what it's set out in the 'treating customers fairly' literature. This is a publication that Ms O was referred to after she made her complaint to British Gas. Having reviewed the document, I'm more persuaded that, although it refers to vulnerable customers, it's more likely than not aimed at British Gas energy supply customers as it refers to tariffs throughout. I also note that Ms O told us in her complaint form that she was also given this impression by the British Gas complaints team.

Regardless, I've still found overall that I think British Gas have treated Mr and Mrs O fairly and reasonably given their personal circumstances. They wrote to Mr and Mrs O to let them know what the renewal price would be and I've seen evidence of this for the past 5 years as well as the breakdown of how the premiums were calculated each year.

Moving forward, if Ms O wants to act on behalf of her parents policy she can speak to British Gas more about this.

In summary, British Gas have treated Mr and Mrs O fairly at the point of each renewal, but somewhere along the line, the number of radiators in the property has been recorded as 14 instead of 12 which resulted in slightly higher premiums for Mr and Mrs O.

Putting things right

Mr and Mrs O's house has 12 radiators rather than the 14 that British Gas based their premium calculations on. It's not entirely clear how this error came about, but British Gas should now recalculate what Mr and Mrs O would have paid since policy inception had the number of radiators correctly been recorded as 12 instead of 14. They should refund the difference to Mr and Mrs O along with 8% simple interest. As already explained to Ms O, this is unlikely to be a large amount of money, but it's important that British Gas correct the mistake.

I know Ms O will ultimately be disappointed with this outcome as I'm not upholding the main complaint point here. But my decision brings to an end what we – in trying to informally resolve this dispute with British Gas – can do for her on behalf of her parents.

My final decision

For the reasons set out above, I partially uphold Mr and Mrs O's complaint and direct British Gas to do what I've set out under the heading '*Putting things right*'.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O on behalf of Mr O and Mrs O to accept or reject my decision before 3 December 2020.

Daniel O'Shea
Ombudsman