

The complaint

Mr B has complained that British Gas Insurance Limited (BG) advised him that his boiler needed to be replaced when it was in fact capable of being repaired.

What happened

Mr B had a Homecare policy with BG for many years covering a rental property. At a routine gas safety check on 11 February 2019, BG's engineer advised Mr B that due to an unsafe level of carbon monoxide present in the air intake, the boiler was unsafe and needed to be isolated. It needed a new flue. The engineer told Mr B that this part was no longer available, and that he'd need to replace the boiler.

Mr B arranged for a new boiler to be supplied and fitted by a third party engineer as BG's quote was too high. That engineer told Mr B that the part that BG had said was unavailable was in fact still in production and was available. This engineer told our investigator that he could've supplied and fitted a new flue for £700.

Mr B complained to BG that he'd been mis-advised. BG's response was that it wasn't to blame for Mr B having his boiler replaced. It said it had advised Mr B in 2016 and 2017 that work was required to his flue, but he hadn't had the work done. The cost of replacing the flue would've been expensive and wouldn't have been covered by his policy. It said it had tried to save Mr B from spending money on a boiler that might only have lasted for a short period of time. It offered Mr B £50 compensation for the trouble and upset caused.

Mr B wasn't satisfied with BG's response to his complaint, so he brought it to this service. Our investigator considered that BG had a duty of care to give Mr B correct advice, and that its engineer didn't even check if the part was available before he advised Mr B that he needed to replace his boiler. His view was that because Mr B bought a new boiler earlier than he might otherwise have done, BG should pay Mr B half the cost of a new boiler less the £700 it would've cost Mr B to have the flue replaced.

BG doesn't agree with our investigator's view, so the complaint has been passed to me 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.

I'm going to uphold Mr B's complaint and I'll give my reasons.

I think it was reasonable for Mr B to act upon information provided to him by BG. Mr B says that BG's engineer told him that his boiler was unsafe and that the part needed to make it safe, which was part of the flue, was no longer available and that Mr B would therefore need to buy a new boiler. BG doesn't dispute that this is what Mr B was told. But it appears that the necessary part was available, and Mr B says that BG didn't even check this with BG's parts department or the manufacturer before telling him it wasn't.

In reliance upon what BG had told him, Mr B committed to a new boiler at a cost of £2,650. When our investigator contacted the engineer who replaced Mr B's boiler, he was told that he could've replaced the flue for approximately £700.

If Mr B had known this, I consider it likely that he'd have spent £700 on a repair rather than £2,650 on a new boiler. Whilst a new boiler would've been unavoidable at some stage, it might well have been a number of years before that stage was reached. So whilst a new boiler has a number of benefits, Mr B felt he had no alternative but to invest in a new boiler sooner than he might otherwise have done. To use his words, he'd been "pushed into a corner" by BG to buy a new boiler when he didn't need to.

I consider that BG should compensate Mr B for misinformation that led to him having to spend £2,650 on a new boiler immediately because his existing boiler had been declared unsafe and had been isolated when it's life could've been extended.

Purchasing the new boiler saved Mr B approximately £700 on a repair to his flue which he'd have had to pay for as such a repair isn't covered by his policy. I agree with our investigator that the fair and reasonable outcome is that BG pays compensation to Mr B of half the cost of his new boiler after deducting that £700, namely £975. I'm awarding only half the cost of the difference to reflect the fact that Mr B would've had to buy a new boiler at some point in the not too distant future and that he will derive a number of benefits from having one installed earlier than he might otherwise have done. If BG has already paid Mr B the £50 compensation it offered him, it need only pay a further £925.

My final decision

For the reasons I've given above, I'm upholding Mr B's complaint. I require British Gas Insurance Limited to pay Mr B compensation of £975. This is to include the £50 compensation previously offered to Mr B.

British Gas Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr B 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.

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

Nigel Bremner
Ombudsman