

# The complaint

Mr P is unhappy that British Gas Insurance Limited (BG) carried out an incomplete repair on his boiler and then withdrew cover.

### What happened

Mr P had HomeCare central heating, plumbing and electrical cover with BG. His new cover included a first repair visit, during which BG would repair the boiler and then determine whether it was able to provide ongoing cover. BG attended, repaired a leak, and confirmed cover.

Mr P reported a further fault with his boiler, but BG told him he wasn't covered. BG had withdrawn cover, but Mr P says it didn't tell him. BG says it sent a letter letting him know. As a gesture of goodwill, BG sent an engineer to inspect the problem. BG completed a repair, but BG refused to attend when Mr P later reported that the boiler wasn't working at all. It explained that it had made a mistake in offering cover in the first place because of the age and limited parts availability for his 30-year old boiler.

Feeling he had no choice, Mr P bought a new boiler. BG then offered to reinstate cover which he said he no longer needed. BG sent a cheque to Mr P, refunding the payment he had made for the cover, but he didn't accept it resolved his complaint. He thought BG should pay the cost of his replacement boiler because his old boiler had been working until BG completed a repair.

Our investigator partly upheld Mr P's complaint. She thought that BG had made a mistake by offering cover and that there had been shortfalls in its customer service. In recognition of that she thought BG should pay Mr P £50. And our investigator explained that by returning Mr P's payment, BG had put him back in the position he was in before he took out the cover, which she thought was reasonable. But, given the age of the original boiler, she didn't uphold Mr P's complaint that BG refused to pay the cost.

Neither BG nor Mr P agreed. BG didn't think it needed to pay compensation beyond that already offered. Mr P didn't think he would've needed to replace his boiler. He said if BG had attended to complete a second repair instead of refusing, it may well have remained in good working order for years. Therefore, he thinks he only had to pay for a new boiler because of BG's actions.

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 partly uphold Mr P's complaint for broadly similar reasons to our investigator. I'll explain. Mr P has provided a lot of information, addressing each point mentioned. I'd like to reassure him that I've looked at all the information, but I don't intend to address each and every point. Instead, I will look at the complaint as a whole and address the key issues.

## <u>Cover</u>

The issue here is that BG offered boiler cover to Mr P and later withdrew it. Because Mr P wasn't aware the cover had been withdrawn, he reasonably expected BG to carry out repairs. So, I've looked at the terms of the policy to identify the circumstances under which BG can cancel.

"We can cancel your agreement or product if:

- Your boiler or appliance isn't on our approved list
- We can't find the parts we need to repair your boiler, appliance or system, despite our attempts.

If we cancel your agreement or product at your first service, we'll refund you in full, unless we've completed any work since you bought your agreement or product in which case you may have to pay cancellation charges.

Where you have Boiler and Controls Breakdown Cover or Central Heating Breakdown Cover; and

- We can't get hold of the parts we need to fix your boiler and controls or central heating
- And, we haven't told you before that we may not be able to find them,

we'll refund any money you have paid for these products since your last claim."

Mr P said he was aware that the first visit was to determine whether BG would provide cover, so I've looked at the information he submitted from that first visit, including the engineer's checklist. Mr P correctly reported that BG ticked the box to say it could provide cover. Other relevant information on the first visit checklist is that cover would not be provided for "*domestic hot and cold pipework*"; the boiler was in "*poor condition*"; "*restricted boiler spares*", and a replacement boiler was recommended. The level of cover offered was left blank.

So, based on this evidence, I think it was reasonable for Mr P to think he had cover, but I think there were enough comments on the checklist to indicate that cover for his boiler would be problematic. That said, I think BG should've clearly indicated that on the checklist.

I then looked at the cover letters BG sent to Mr P. The first shows the cost breakdown, including boiler cover and the one-off fee for the first visit. The second letter, sent after the engineer visit, shows that the boiler cover has been removed. However, BG didn't specifically draw Mr P's attention to the change in cover.

Overall, I think it was reasonable for BG to cancel the boiler cover in line with the terms of the policy because of the restriction on spare parts and the poor condition of the boiler. It should be noted that BG also refunded the first fee, despite having done repair work. But I think it could've done more to make sure Mr P was aware of the change in cover. Mr P doesn't think £50 is enough to compensate him for this issue and BG thinks it's too much. However, BG had enough opportunities to make it clear to Mr P that his boiler wasn't included in cover. I think the sum is fair.

Loss

Having decided that it was reasonable for BG to downgrade the cover, I must consider whether Mr P has lost out because of its failure to tell him from the start that his boiler wasn't covered.

If BG had refused cover after the initial leak repair, Mr P would have had a 30-year old working boiler but no cover for any other faults. A matter of days after BG's visit, Mr P reported another fault. If BG had told him it wouldn't cover the boiler, I assume Mr P wouldn't have reported the new fault to it. So he would've had to find an engineer and pay the callout and repair costs. But Mr P has already said he couldn't find anyone who would work on his boiler before he asked for cover with BG.

At this point, although not covered, BG completed a repair as a gesture of goodwill. The repair was only lasted temporarily but it refused to attend again. So, Mr P replaced his boiler. The issue here is that Mr P thinks BG should pay for the new boiler because he had a functioning boiler before it carried out the repair. I don't agree. BG carried out a repair because he reported a fault. However minor the fault, he said he couldn't find anyone else to work on it. So it seems to me that Mr P had reached the stage where he would've needed to replace his boiler anyway because it was too old for lasting repairs.

In summary, Mr P had a 30-year old, leaking boiler which BG refused to provide cover for after fixing the leak. It developed further faults which BG wouldn't cover and he bought a replacement boiler. While BG made mistakes, they were simple customer service shortfalls. I think it's apparent that Mr P's boiler had reached the end of its economic life and he would've needed to replace it anyway, so I don't think it's reasonable to ask BG to cover the cost. However, I do think it's fair for BG to pay £50, in addition to the £99 it has already paid, by way of apology for the service shortfalls.

### My final decision

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

• pay Mr P £50 by way of apology for the service shortfalls, including the failure to fully explain that it was removing boiler cover from his policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 27 November 2020.

Debra Vaughan Ombudsman