

## **The complaint**

Mr W complains that British Gas Insurance Limited mishandled his home emergency insurance policy.

## **What happened**

Where I refer to British Gas, I refer to the insurance company of that name and I include other companies and individuals insofar as I hold that insurance company responsible for their actions.

Mr W has told us that his central heating boiler had been maintained with the correct central heating chemicals since he purchased the property new in April 1987. The boiler was of a model that was last manufactured in 1991.

In about 2014 Mr W took out British Gas Boiler and Controls Breakdown Cover. The policy was an annual one. Mr W was paying the annual premium by instalments on the first day of each month.

Mr W didn't call British Gas for help until August 2019. On 8 August 2019 British Gas told him the heat exchanger was scaled, and the manufacturer had stopped making such parts for his boiler over 10 years previously. Mr W cancelled the policy on the same day.

Mr W bought a new boiler. He complained that he'd been paying for insurance that he could never benefit from. He asked for a refund of all premiums since the start of the policy.

British Gas refunded £51.57 that Mr W had paid for the policy period from April to August 2019. By a final response dated 10 September 2019 British Gas said it was also refunding what he had paid for the previous two policy years from April 2018 and April 2017.

Mr W brought his complaint to us in mid-September 2019.

### *our investigator's opinion*

Our investigator didn't recommend that the complaint should be upheld. She thought that British Gas had done enough to put matters right for Mr W. She said British Gas had sent an extensive list of parts still available to it for the old boiler.

### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr W and to British Gas on 26 June 2020. I summarise my findings:

Without having told him before that it might not be able to find them, British Gas couldn't get hold of the parts it needed to fix Mr W's boiler in August 2019. He had made no previous claim.

The British Gas final response said it was refunding £118.90 and £125.99 for the policy years from April 2017 and April 2018 respectively. It had already refunded £51.57 for the policy period from April 2019 to the cancellation in August 2019. In

total these payments cover the period of about 28 months from April 2017 to August 2019.

In addition, there must have been money Mr W had paid for the period of about 8 months from August 2016 to April 2017 that fell within the maximum of three years.

Subject to any further information from Mr W or from British Gas, my provisional decision was that I was minded to uphold this complaint in part. I intended to direct British Gas Insurance Limited to:

1. inform Mr W of the date and amount of each payment he made for cover for the period 9 August 2016 to 12 April 2017; and
2. refund Mr W each such amount; and
3. pay Mr W simple interest at a yearly rate of 8% on each such amount from the date he paid it to the date British Gas refunds it. If British Gas considers that HM Revenue and Customs requires it to withhold income tax from that interest, it must tell Mr W how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

British Gas agreed with the provisional decision.

Mr W disagreed in part. He says, in summary, that:

- At inception of the policy he told British Gas the make and model of his boiler.
- Upon dissection of the old heat exchanger there is no evidence of alleged scaling or blockage.
- The policy terms from April 2014 to April 2016 didn't include a 3- year maximum refund.

### **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 accept that the manufacturer stopped in about 2005 making spare parts for Mr W's model of boiler. In British Gas terminology it was on a "reduced service list" ("RSL").

There is a shortage of evidence from when Mr W took out the policy. He has recently said that he told British Gas the make and model of his boiler. But that wouldn't make any difference to my decision because I don't accept that the policy was one from which Mr W could never have benefitted.

I have seen a renewal letter for the year from 13 April 2014 for Boiler and Controls Breakdown Cover. That included cover for repairs.

But it didn't include a first service visit or an annual service visit. And, as it happened, Mr W didn't call British Gas for a repair visit for several years.

Under its policy terms, British Gas would've been entitled to use generic parts to make a repair. And I accept its evidence that many parts were still available for the old boiler. So I don't accept that the policy was one from which Mr W could never have benefitted. And

I don't uphold his complaint that British Gas should refund all he had paid.

8 August 2019 was the only time British Gas visited and looked at the boiler. I accept Mr W's evidence that British Gas reported as follows:

*"Boiler scaled - Parts Obsolete... Heat exchanger"*

When he brought his complaint to British Gas and to us in 2019, Mr W didn't say that British Gas had wrongly diagnosed a blocked heat exchanger. And he didn't say that a replacement was still available. Those are new complaints which British Gas and if necessary my colleagues will have to deal with separately. So I make no finding about whether the heat exchanger was scaled or blocked in August 2019.

The policy terms had been updated almost every year. From at least the renewal in April 2014, the terms included the following:

*"If you have Boiler and Controls Breakdown Cover or Central Heating Breakdown Cover and we cannot complete a repair because parts are not available and we have not advised you previously we will, at our discretion, refund a maximum of 3 years premium if cover has been continuously held for this period and no claims have been made."*

Since at least the renewal in April 2016, the terms included the following:

*"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, up to a maximum of three years."*

So the policy terms applicable from April 2014 to August 2019 included a 3- year maximum refund.

I've found that Mr W had Boiler and Controls Breakdown Cover and that – without having told him before that it might not be able to find them – British Gas couldn't get hold of the parts it needed to fix his boiler in August 2019. He had made no previous claim.

The British Gas final response said it was refunding £118.90 and £125.99 for the policy years from April 2017 and April 2018 respectively. It had already refunded £51.57 for the policy period from April 2019 to the cancellation in August 2019. In total these payments cover the period of about 28 months from April 2017 to August 2019.

### **Putting things right**

In addition, there must have been money Mr W had paid for the period of about 8 months from August 2016 to April 2017 that fell within the maximum of three years. So I find it fair to direct British Gas to refund such money, with interest at our usual rate.

### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct British Gas Insurance Limited to:

1. inform Mr W of the date and amount of each payment he made for cover for the period 9 August 2016 to 12 April 2017; and
2. refund Mr W each such amount; and
3. pay Mr W simple interest at a yearly rate of 8% on each such amount from the date he paid it to the date British Gas refunds it. If British Gas considers that HM Revenue and Customs requires it to withhold income tax from that interest, it must tell Mr W how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

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

Christopher Gilbert  
**Ombudsman**