

The complaint

Mr W complains that British Gas Insurance Limited (BG) repeatedly failed to identify the cause of a water leak and advised him to make unnecessary repairs to his shower that weren't covered by the policy. Mr W said BG increased his premium at renewal due to the number of call outs made even though it was the same problem.

What happened

Another ombudsman at this service issued a provisional decision last year. He provisionally decided Mr W's complaint should be upheld. He set out the background to the complaint within his provisional decision. I have copied his decision here.

Mr W had a home emergency policy with BG on a rental property. This provided for emergency repairs for plumbing and drainage problems, but excluded most components of the shower itself. In 2015 BG attended and made repairs to the shower waste.

In September 2019 Mr W's tenant advised him of a stain on the ceiling under the bathroom. Mr W called BG, who sent a contractor, (I'll call it X). X suspected the shower drain. As the bathroom floor was tiled, X cut a hole in the ceiling to investigate. No leak was found and the ceiling was repaired but not redecorated. X said the shower should be resealed. The policy didn't cover this but X said it could do it. Mr W said he would he would arrange this himself.

The leak persisted. X attended again and reported the sealing in the shower was in poor condition. X attended on numerous occasions. Mr W says various recommendations were made about resolving the leak which weren't covered under the policy. The shower tower was replaced, which Mr W says cost £450. This didn't solve the leak, so X cut another hole in the ceiling to investigate without success. X didn't repair the inspection hole, saying it wasn't covered under the policy. Mr W arranged his own repair.

X attended again on 21 June 2019 and checked the trap and pipes with a camera from the shower itself, finding no leaks. It did note a leak between the shower screen and wall. X resealed this as a gesture of goodwill due to the many call outs. Mr W says X said it would need to lift the bathroom floor to check, but the problem must be a cracked shower tray. The policy wouldn't cover replacing the shower tray or repairing the floor.

Mr W says he asked a bathroom fitter to investigate. A faulty shower panel was identified and replaced, solving the leak. Mr W says this cost £800. Mr W says his total costs excluding the cost of the shower panel itself were around £1,150.

Mr W complained to BG about the poor service and recommendations. He wanted BG to reimburse his expenses. He also complained about the increase in the cost of the cover at renewal. BG upheld his complaint in part. It agreed there had been many call outs and X's workmanship and service had been "very poor". It offered £260 towards his costs for sealing the shower and reinstating the ceiling and £50 for the inconvenience. It said the other costs wouldn't have been covered under the policy in any situation so this was fair. It also agreed to reduce the cost of his renewed policy by 20%.

Mr W didn't agree. He said costs had been incurred because of wrong diagnosis and advice from X. He said the £50 for inconvenience was "derisory" as X had attended more than ten times without solving the problem, considerably inconveniencing both him and his tenant. BG reconsidered and increased its compensation offer to £90.

Mr W referred his complaint to our service. Our investigator looked into it. She didn't think BG needed to do anything further. She agreed that X had been poor but said there was no evidence that BG had recommended the additional works, which the policy didn't cover anyway. So it wouldn't be reasonable to expect BG to cover these expenses. She said she thought the £90 offered for inconvenience was fair. Regarding the premium increase she said BG had issued renewal documents setting out full details of the premium. This gave Mr W opportunity to review everything and shop around for alternatives before renewal.

Mr W disagreed, saying X's incompetence had incurred unnecessary expense. He said BG's renewal premium was penalising him by £600 a year extra, because it treated follow up visits as new incidents. As Mr W doesn't agree it has come to me to decide.

What I've provisionally decided – and why

I've considered all the available evidence and arguments to decide (provisionally) what's fair and reasonable in the circumstances of this complaint. Having done so, I'm planning to uphold this complaint in part. I'll explain why.

The Renewal Premium Offered

I'm not intending to uphold this part of the complaint so will deal with this first. Mr W says the annual renewal premium is £600 more than it should be due to BG treating the multiple call outs as new incidents rather than one ongoing problem. He says this because he has seen a comparable quotation for a new customer for only £522.

According to the renewal documents the premium for July 2019 was £1,020.76 compared to £905 for the previous year. In its final response, BG says the premium was £1,121.63. But offered a 20% reduction to this giving a premium £897.30, so less than the 2018 policy year.

BG sent renewal information in its letter and schedule of 11 June 2019. This said the policy would renew automatically on the terms offered on 15 July 2019 unless Mr W contacted it. The documents show the premium compared to last year, details of the cover and other relevant information and ask Mr W to check the level of cover and suggested he shop around for a better price.

I think BG has acted fairly and reasonably in providing this information in good time for Mr W to consider this before the policy automatically renewed. Mr W says the renewal premium is more than the cost for a new customer. I don't doubt what he says here as it is clear from the policy terms and conditions (T&Cs) that BG offer discounts for new customers:

"Introductory offers

If you cancel a product, then buy a product with equivalent features from British Gas:

- More than once in three years
- Or, within three months

then you won't be eligible for any promotional offers or new customer prices."

A business can adopt this type of pricing strategy if it chooses and it is for customers to decide whether the renewal premium offered is competitive. The renewal invitation did suggest Mr W shop around for a lower price. As such I don't think BG is treating Mr W unreasonably, he could have looked at other cover. So I won't be asking BG to do anymore.

The Attempted Repairs

I'm intending to uphold this part of the complaint in part. I'll explain why. Sometimes water leaks can be difficult to trace without significant investigations so some inconvenience is inevitable. Whilst the policy didn't cover the work necessary to solve the problem, BG accepts the service and workmanship of X was very poor and I think Mr W suffered more inconvenience than he should have as result.

Mr W says works were recommended by X but BG's system notes don't record that. And even if they did the policy didn't provide cover for them. So I don't think it is reasonable to hold BG responsible for the cost of works undertaken that were outside the scope of the policy. This type of policy is aimed at sudden emergencies more like a burst pipe or blocked drain and in this case the policy only covered leaks from the shower drain.

And X was persistent in seeking to link the problem to the drain, cutting two holes in the ceiling below before finally putting a camera down the shower waste. I think it's likely that X either made or was asked for suggestions by Mr W as to possible causes of the leak. But the only recommendation evidenced in BG's notes, is to reseal the shower. So I don't think it is reasonable to say other work was recommended by BG with it to be held liable for the outcome. These works weren't covered by the policy and Mr W was aware of that.

Mr W hasn't advised who replaced the shower tower for him. If he used a contractor, I think it is reasonable to assume that Mr W would have asked them if this was likely to be a source of the leak before this work began. As it went ahead, I think it is reasonable to assume that it was felt to be a possibility.

The contractor who identified the defective shower panel had the benefit of X's drainage investigations and replacement of the shower tower, narrowing sources of the leak. I haven't seen details of the issue with the shower panel. But if the defect wasn't apparent to Mr W, his tenant and X on numerous visual inspections, I think it demonstrates it wasn't obvious.

However with X repeating the same investigations, particularly without repairing the damage done to gain access, I think Mr W suffered more inconvenience than he should have. So, whilst I think BG's offer in respect of Mr W's costs is reasonable as it covers making good X's investigations. I don't think the offer of £90 for inconvenience is fair compensation for what BG itself calls "very poor" workmanship and service. I think this should be increased to £250. I understand this is less than Mr W wants but I think it is reasonable in this case.

My provisional decision

For the reasons given above, my provisional decision is that I plan to uphold the complaint about British Gas Insurance Limited in part. I intend to direct British Gas Insurance Limited to pay a further £160 to give £250 in total compensation for Mr W's trouble and upset.

The parties' responses to the provisional decision

Mr W responded that he hadn't changed policies because the issue was ongoing, and he believed that BG would take the opportunity to end any involvement. He said he had provided a copy invoice from the bathroom contractor who offered a fixed price. He said he had never claimed anything which wasn't covered under the policy, but the costs remain significantly higher than the total compensation being offered.

BG said it had reviewed the provisional decision and agreed that Mr W had encountered inconvenience in dealing with the escape of water. BG said it wanted to offer Mr W an additional £60 to bring its total gesture of goodwill up to £150, which it said would be fair and reasonable in the circumstances.

As the ombudsman who wrote the provisional decision wasn't in a position to issue a final decision, the complaint was passed to me. As I've explained below, I think the complaint should be upheld, and I've set out my reasons here.

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's fair and reasonable in the circumstances of this complaint. Having done so I am of the view that the complaint should be upheld and for the reasons given by the ombudsman in his provisional decision. I will explain my reasons.

I have looked at the renewal information BG sent Mr W and the premium it charged. Our service can't tell insurers what to charge as this is a commercial decision they are entitled to make, but we will look to see that a policyholder has been treated fairly. The documents show the premium compared to last year, details of the cover and other relevant information and ask Mr W to check the level of cover and suggest he shop around for a better price.

Mr W said the renewal premium is more than the cost for a new customer. I think that's likely to be correct as insurers offer big discounts to new customers which may be recovered in subsequent years. It is clear from the policy terms and conditions that BG offer discounts for new customers. The insurance market is very open and it's a policyholder's responsibility to obtain the cover required at an acceptable price.

Although BG increased Mr W's premium, he wasn't obliged to accept this, and I don't think BG treated him any differently than it would any other policyholder in his situation. However, I understand Mr W's point about not ending the policy while the problem was ongoing.

I sympathise with Mr W for the problems he suffered with his shower and the failure to identify the cause of the leak. I agree with him that this wasn't a series of single issues but one problem that remained unresolved due to poor work by BG's contractor. I'm pleased that BG has acknowledged that he suffered inconvenience and poor service. But I don't think the increased compensation it has offered is quite enough in the circumstances.

Although the remedial work to the shower wasn't covered under Mr W's policy, he was put to a lot of inconvenience and expense by recommendations of repairs that were poorly targeted and failed to deal with the problem. This was demonstrated when Mr W employed his own contractor and the problem was quickly resolved.

I think Mr W was entitled to expect a higher level of competence and attention from BG and its contractors. I think BG's offer to Mr W in respect of his costs on the abortive repairs is fair in the circumstances as it goes some way to meeting the costs he incurred. If Mr W accepts this decision and that sum hasn't already been paid then BG should pay Mr W without delay.

I can't award Mr W the further costs he incurred beyond those that he claimed, as some of this work wasn't required of BG under the policy, but I can recognise the trouble and upset this situation caused him. I think the compensation put forward by the other ombudsman recognises this, and so BG should pay Mr W further compensation of £160.

My final decision

For the reasons I have given above and within the provisional decision it is my final decision that the complaint is upheld. I require British Gas Insurance Limited to pay Mr W further

compensation of £160 to give him £250 in total in respect of the trouble and upset British Gas Insurance Limited has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 June 2021.

Andrew Fraser
Ombudsman