

The complaint

Mr S complains about the way British Gas Insurance Ltd (“BGI”) responded when he made a claim under his home emergency insurance policy after his central heating boiler broke down.

What happened

Mr S had a home emergency insurance policy with BGI for some years. In October 2019 he called on BGI when the hot water supply in his central heating system failed.

Mr S’s heating system had a history of having been blocked by accumulated sludge. BGI had advised Mr S in the past to have it power flushed, but he had declined.

The BGI engineer who attended the breakdown advised that the heat exchanger had again become blocked by sludge and should be replaced. He said that because BGI had advised Mr S in the past to have a power flush, but he had not done this, and the damage to the heat exchanger was brought about by sludge, this repair work wasn’t covered by his BGI policy.

BGI gave Mr S a quote for replacing the heat exchanger, but he had the work done for less by another engineer. However, this didn’t restore the hot water, and he called BGI back again. BGI called in an engineer from the boiler manufacturer. He said a filter needed to be cleared. He rinsed this under running water, and the system worked again.

Mr S complained to BGI. He said it hadn’t been necessary after all to replace the heat exchanger, and so BGI should refund the £348 he had paid for this. He was also unhappy that it had taken BGI’s engineers three visits, including a missed appointment, to produce a solution, and he had to wait in for these, and suffer loss of earnings, as well as stress and inconvenience.

BGI said the heat exchanger would have contained the same sludge as was blocking the filter. So there was no evidence that it didn’t need to be replaced as well as the filter being cleared. It offered Mr S a goodwill payment of £20 because of the number of visits that had been required. Mr S didn’t think this was sufficient and complained to us.

Our investigator recommended that this complaint should be upheld in part. He said BGI had been recommending Mr S since 2015 to have a power flush to clear accumulated sludge, but Mr S had refused to do so.

The terms of Mr S’s BGI policy made it clear that if BGI had told Mr S previously that he needed to carry out repairs, improvements or a power flush or a similar process, but he hadn’t done so, then damage caused by limescale, sludge or other debris wasn’t covered by the policy.

The investigator said BGI was entitled to say that the cost of replacing the heat exchanger wasn’t covered by the policy, and would have to be met by Mr S.

When the manufacturer's engineer attended, he got the system working again by cleaning the filter. But the engineer didn't say the replacement of the heat exchanger hadn't also been necessary, and there wasn't any evidence to say this hadn't been required. So the investigator didn't think it was reasonable for BGI to have to reimburse the cost of the heat exchanger.

BGI had acknowledged, and apologised for, the number of appointments that were needed. The investigator thought that appropriate compensation for this was £150 rather than the £20 that BGI had offered.

Mr S responded to say, in summary, that:

- BGI had replaced his heat exchanger as recently as March 2018. So he didn't understand why it needed to be replaced again only 18 months later;
- BGI hadn't mentioned he needed to carry out a power flush before saying he should change the heat exchanger, so he wasn't convinced this had been needed;
- he was self-employed, and thought he had lost some two days work at the rate of £200 to £250 a day, with having to attend the engineers; and
- he and his wife had suffered stress with not having hot water while the repair was being carried out;

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 asked the investigator to put the points Mr S had raised to BGI. It responded to say, in summary, that:

- the need for the heat exchanger to be replaced again after 18 months was likely to be because sludge had built up again and damaged the heat exchanger;
- Mr S had repeatedly failed to follow advice to have his system flushed. This was quoted for in March 2018. BGI said it was likely he had been informed again in October 2019 that this was needed, although this wasn't recorded on BGI's notes; and
- while a filter could be cleaned using running water, a heat exchanger couldn't be cleaned in the same way as it was a main component of the boiler.

Like the investigator, I'm not persuaded that the replacement of the heat exchanger by BGI in October 2019 wasn't necessary. On the balance of probabilities, I think it was likely that because the issue of sludge in the system hadn't been addressed, a further accumulation of sludge in the heat exchanger meant it had to be replaced again.

The terms of Mr S's policy with BGI which the investigator referred to meant it was reasonable for BGI to say this work wasn't covered by the policy. When the manufacturer's engineer came he got the system working by cleaning the filter. However, the new heat exchanger was by then in place. So the engineer wouldn't have been in a position to say it hadn't needed to be replaced.

It's right that Mr S should be compensated for the number of appointments that were made before the work was completed. Mr S is self-employed and said he lost earnings he

estimated at £400 or £500 because of time he spent waiting for BGI. However, I haven't seen any evidence to show earnings of this amount were irrevocably lost.

The investigator thought compensation of £150 was appropriate for the distress and inconvenience Mr S had suffered, rather than the £20 BGI had offered. I agree that £150 is fair and reasonable in the circumstances.

Putting things right

To put things right, I think BGI should pay Mr S compensation of £150, inclusive of the £20 it has offered him.

My final decision

My decision is that I uphold this complaint in part, and order British Gas Insurance Limited to pay Mr S compensation of £150, inclusive of the £20 it has offered him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 April 2021.

Lennox Towers
Ombudsman