

The complaint

Mr S is unhappy that British Gas Insurance Limited (BG) declined his claim for problems with his hot water outlets.

What happened

Mr S had HomeCare Three home emergency cover with BG. Over a period of two years, Mr S experienced problems with the hot water outlets in his home. The problems appeared to be linked, such that when one outlet worked, another stopped.

After attending around 20 call outs, BG told Mr S the problem was a pre-existing fault (PEF) from the time of his system installation. Because of that, BG said he would need to pay around £600 for the work.

Mr S complained to BG. He said his system was installed 14 years before the problems started so he didn't think it would've taken so long to become apparent if that were the case. BG maintained its position that the policy didn't cover a PEF so the work would be chargeable.

Our investigator upheld Mr S's complaint. He didn't think BG had provided any evidence to support its view that the problem was due to a PEF. In the absence of that, our investigator felt that BG should accept Mr S's claim and complete the remedial work or offer a cash settlement.

BG didn't agree and restated its position.

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 uphold Mr S's complaint for broadly the same reasons as our investigator. I'll explain.

Both parties are aware of the numerous call out visits and the work BG completed. I don't intend to go into detail about each visit, although I'll refer to examples where appropriate.

Firstly, I can see that there have been numerous customer service issues which Mr S raised with BG and it acknowledged the shortfalls. BG paid Mr S a total of £200 by way of apology for the missed or late appointments, the time he had off work for those missed appointments, and for having incorrect replacement parts. I don't think it's unreasonable for BG to rearrange appointments at short notice if other emergency issues take priority. And I can understand that it may make a mistake about the part needed. However, if the same issues

kept happening, it's understandable that Mr S would've been less than satisfied with the service he received.

In the circumstances, I think it was fair for BG to make the payments, by way of apology, and £200 is in keeping with what I'd expect for that type of shortfall. So, I'm satisfied that BG addressed this part of Mr S's complaint fairly and I won't be asking it to do any more about this issue.

The main issue of complaint, then, is that BG says the problem with Mr S's hot water is due to a PEF, and his policy doesn't cover the repair. It offered to complete the work on a chargeable basis. But Mr S doesn't think it was caused by a PEF because his system worked properly for 14 years before the problems started.

I've looked at Mr S's policy and it's clear that it doesn't cover PEFs:

"Pre-existing faults

Our products don't include cover for any faults or design faults that:

- Were already there when your boiler, appliance or system was installed, or were caused by anybody other than us when any change or additions were made to your boiler, appliance or system"*

So, I've thought about whether BG has adequately demonstrated that this exclusion applies, but I don't think it has.

It seems that the issues Mr S had with his hot water are typical of those experienced with a hot/cold water imbalance. So, it's not clear why it took BG so long to identify the cause and then attribute it to a PEF. And, if the imbalance was a PEF, I think it's likely the problems would've occurred sooner than 14 years after installation.

As I understand it, BG proposed to replace the existing valve and it considered that a chargeable improvement. This suggests to me that if Mr S chose not to have the chargeable improvement, his water system would work, just not as well. I don't think turning on a hot water tap upstairs in order to use the hot water downstairs reflects a working system. So, I don't think fixing that is an optional improvement which BG should reasonably charge Mr S for.

BG's plumber provided the following comment in response to a request for evidence that the fault was pre-existing:

"Our engineers have been through a process of elimination.

There is no evidence of and (sic) imbalance prior to installation of the valve. This would have been best practice but it was not undertaken."

I don't think its statement takes us any further forward in understanding why it believed the fault was pre-existing. It doesn't explain whether the installation referred to is the original installation. Nor does it explain why there'd be evidence of an imbalance now, for work undertaken 16 years earlier. Or it may mean that there is no current evidence of an imbalance before the proposed valve installation takes place. The statement leads to more questions, but BG didn't offer a more in-depth explanation.

So, despite having an opportunity to explain why the exclusion clause applies, BG hasn't provided anything which persuades me that the problem Mr S experienced was due to a PEF with the installation. The information it has provided is somewhat contradictory and I don't think it demonstrates that BG fairly refused cover for the fault under Mr S's policy.

To resolve his complaint, Mr S would like BG to repair the fault without charge or refund 20% of the premiums he paid over 15 years. I don't think it's fair to ask BG to refund premiums because it provided the service paid for. While there have been shortfalls, BG acknowledged that with its payment of £200 to Mr S by way of apology. But I think Mr S's request that BG completes the repair without charge is a fair resolution.

In our original view, there was also an option for cash settlement. I can understand that Mr S might've lost faith in BG's service, so a cash settlement may be a reasonable alternative. However, I must be clear that I wouldn't expect BG to offer any more than it would cost it to complete the repair. Mr S should also be mindful that if he cash settles and arranges a repair himself, any subsequent issues may not be covered under his policy with BG.

My final decision

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

- repair/replace the faulty valve without charge, or pay Mr S what it would've cost BG to complete the work so he can arrange the repair himself.

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

Debra Vaughan
Ombudsman