

The complaint

Ms E complains about British Gas Insurance Limited's handling of a claim under her home insurance policy.

What happened

Ms E had a Home Care policy with British Gas. This covered her central heating, plumbing and electrical systems.

She made a claim in December 2019, when she was experiencing problems with her boiler. British Gas arranged for an engineer to visit.

Ms E tells us there were issues with the engineer's visit. She'd arranged childcare (at a cost of £20) for the agreed time, but the engineer didn't attend. He then attended at a time Ms E had said she wasn't available. Ms E had to arrange for a relative to travel some distance (at a cost of £20) to assist.

The engineer said the boiler was too big for him to deal with. Ms E says he advised her she needed a commercial policy with British Gas to cover her boiler, given its size.

Ms E has two boilers – one is a back-up and isn't used. She says the engineer's view was that the added capacity of the two boilers took the repair outside his sphere of operation.

Ms E says she cancelled her Home Care policy and took out a commercial policy with British Gas on the advice of the engineer. And about a week later, a commercial engineer attended and told Ms E a commercial policy wasn't suitable for her. Ms E doesn't run a business from or at her home. Having realised the policy wasn't suitable, she tried to cancel it.

She says the commercial policy was eventually cancelled. But only after around two months of her chasing British Gas. Since it was cancelled, they've continued to chase her for an outstanding balance, which appears to be either a cancellation fee and/or the cost of the commercial engineer's repairs to her boiler.

Ms E complained to British Gas. She believed she'd been mis-advised by the engineer about which policy was appropriate for her. And she thought it was inappropriate for British Gas to pursue her for any outstanding balance on a policy she should never have had.

Ms E wasn't happy with British Gas' response, because they didn't address her complaint points, so she brought her complaint to us.

Our investigator looked into it and thought British Gas had mis-advised Ms E when they told her she should have a commercial policy. She thought £100 compensation would be appropriate in all the circumstances. She pointed out that we couldn't look into the poor service provided by British Gas' commercial arm, which is a separate company and not regulated because it doesn't provide regulated financial services.

British Gas disagreed and asked for a final decision from an ombudsman. They didn't think they'd mis-advised Ms E.

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.

First of all, I need to be clear about what we can and can't look into. Because the company which provided the commercial policy doesn't provide financial services and isn't regulated (we're told the policy Ms E bought and then cancelled was a service and maintenance contract effectively, not an insurance policy), we can't look into what they did or the customer service they provided to Ms E.

When we first contacted British Gas about Ms E's complaint, they took the view that meant we couldn't look into the complaint at all. And that led to some delays in progressing the matter because British Gas wouldn't provide us with the information we'd requested.

That line of argument is clearly wrong. Ms E was a customer of British Gas and paid for cover under their Home Care policy. British Gas' engineer attended Ms E's home on that basis. And he advised her she needed a commercial policy.

So, we can look into what happened when the engineer visited Ms E. If she was mis-advised - and I'll turn to that question presently – then it was that mistake, made by British Gas, which led to Ms E cancelling her Home Care policy and taking out an inappropriate commercial policy in its place.

Although we can't look directly into what British Gas' commercial partner company did, we can say that Ms E would never have experienced any issues with them but for the fact that British Gas mis-advised her about what kind of policy she needed.

Throughout their communications with Ms E – and throughout their communications with us until very recently – British Gas have maintained that Ms E wasn't mis-advised by their engineer. And that she should have had a commercial policy, not a domestic (Home Care) policy.

I have absolutely no doubt that Ms E was advised by the engineer that she needed a commercial policy.

The engineer's notes of the visit say, "advised commercial".

Ms E clearly recalls being advised that the engineer couldn't deal with her boiler under her Home Care policy and that she needed a commercial one. And if there's any doubt whether that's the impression she got, she immediately cancelled her Home Care policy and bought a commercial one.

And British Gas have maintained for some considerable time that that advice was correct. Not only when Ms E raised it with them, but when we asked them. If British Gas took that line in response to a complaint raised with our service, it wouldn't be entirely surprising if one of their engineers took that line with Ms E.

British Gas even sent us a copy of what they say is their standard operating procedure in defence of that line of argument.

It was only when we queried that – on the basis that the operating procedure seems to say the exact opposite – that British Gas have finally admitted that a commercial policy was in fact unsuitable for Ms E.

That standard procedure document tells us what should have happened when the engineer attended Ms E's home. It says that when confronted with a boiler above a certain size, the Home Care engineer should place a request for a commercial engineer to attend. And once the commercial engineer has attended and carried out any repairs to the boiler, the costs associated with that will be re-charged, within the business group, to British Gas Insurance Limited.

So, British Gas Insurance Limited's Home Care policy *did* cover Ms E's boiler repairs all along - or should have, at least. Their engineer simply had to request a commercial engineer to attend under the relevant standard operating procedure.

In my view, it's a shame it's taken considerably more than a year for Ms E to get to the bottom of this matter – and that she's only done so after we had to intervene. It should have been reasonably clear to British Gas at the outset that Ms E had been mis-advised – by their own engineer.

Putting things right

British Gas have now assured us that Ms E isn't being chased for any outstanding balance on any of the policies she held with British Gas or their partner company.

They've also said she's had the boiler repairs for free – which she wouldn't be entitled to if she's cancelled her policy.

In my view, it's unfair and clearly mistaken to regard that as part of any compensation Ms E might be due. If she hadn't been mis-advised, she wouldn't have cancelled her Home Care policy – at least not at that time – and she would have been covered for the repairs.

I'm not going to go into all the detail about British Gas' dealings with Ms E over her claim and her subsequent attempts to clarify what happened and why. Suffice to say, British Gas customer service has been some way short of what they'd aspire to. Not least because they've maintained a line – with Ms E and then with us – which has now been shown to be completely mistaken and misleading.

I don't need to go into the detail because British Gas have now agreed with my proposal that they should pay Ms E £500 for her trouble and upset in this case. This is a significant increase over the amount our investigator suggested initially but given what's come to light since she offered her view, I believe it's justified. And British Gas agree with me.

In short, in my view, the £500 award is justified for the following reasons.

Ms E's attempts to get British Gas to deal with her situation have been ongoing for around 15 months.

In addition to the initial customer service issues she experienced when her appointment was cancelled then rearranged for a time that wasn't convenient for her, she's been advised to take out a policy entirely unsuitable for her.

This has caused her great frustration and concern. She's had the worry of what the consequences might be for her if she didn't pay the outstanding balance on a policy she should never have taken out. When it should have been obvious from the outset to all concerned that she'd been mis-advised to buy that policy.

It's apparent that British Gas made a mistake at the outset. Yet they repeatedly failed to address Ms E's concerns effectively and recognise their error. This has been extremely frustrating and upsetting for Ms E.

To be absolutely clear, the £500 I'm awarding now includes the £40 of costs incurred by Ms E when the initial visit by the engineer was cancelled and then re-arranged at an inconvenient time for Ms E.

My final decision

For the reasons set out above, I uphold Ms E's complaint.

British Gas Insurance Limited must pay Ms E £500 for her trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 22 March 2021.

Neil Marshall
Ombudsman