



The complaint

Miss P complains that British Gas Insurance Limited (“BGI”) downgraded the level of cover on her home emergency insurance policy without telling her what it was going to do, and paid a partial refund for this into her business instead of her private account.

What happened

In November 2019, Miss P took out a home emergency insurance policy with BGI. This covered repairs and servicing to her central heating system, plumbing, repairs and electrics. On 14 January 2020, Miss P called out BGI because her central heating wasn’t working properly. Its engineer said there was sludge in the system and in accordance with BGI’s terms and conditions she would have to pay for a power flush before it would work on the system.

It seems BGI’s engineer called again on 21 January 2020, when this advice was repeated and according to BGI’s records a quote for a power flush was given. Miss P acknowledges that she may have been told a power flush would be required.

It seems that BGI then took the decision to downgrade Miss P’s policy to a basic level as it didn’t consider her heating system was suitable for its initial level of cover. It acknowledges it should have explained this to her. She says it didn’t tell her what it was going to do, or explain the terms and cost of the basic policy, which she says wasn’t suitable for her.

BGI then refunded a proportion of the premium Miss P had paid, but paid this into her business account instead of her personal account. She says this could have caused complications in her business tax affairs.

Miss P was left confused as to why BGI wouldn’t fulfil its original insurance contract, and with a faulty heating system, two vulnerable elderly parents, and another vulnerable family member, in the property during a winter period.

Eventually she arranged for a heating engineer to come and look at the heating system. He managed to get the system working properly by bleeding air from the system and servicing the boiler. He didn’t carry out a power flush, and it has apparently operated satisfactorily since then.

Miss P complained to BGI. It apologised that it hadn’t explained properly that it could only offer the limited policy, and for making the refund to the wrong account. It refunded the balance of the premium Miss P had paid and offered a further £40 as compensation. Miss P didn’t think this was sufficient and complained to us.

Our investigator recommended that this complaint should be upheld. Given the action the heating engineer had taken to successfully restore heating, she didn’t think BGI had provided Miss P with correct information. So she didn’t think it had acted fairly on cancelling the original policy, and hadn’t provided Miss P with clear and fair information about the downgraded policy.

The result was that Miss P and vulnerable family members were without heating for some four weeks during a winter period, and she suffered worry and stress. She thought that fair compensation for the errors BGI had made was for it to pay Miss P compensation of £250, rather than the £40 it had offered.

Miss P accepted the investigator's recommendation. BGI responded to say, in summary, that it had identified that there was sludge in the heating system. It accepted that Miss P's engineer had been able to get the system working. But notwithstanding it was still working, this was likely to be only a temporary fix. BGI wouldn't take on such a system until the sludge in the system was removed.

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.

BGI has acknowledged that it didn't explain properly why it couldn't offer a full policy, and that Miss P would be put on a restricted policy. It has refunded the full premium she paid, and offered her £40 compensation for the distress and inconvenience it caused.

The investigator wasn't convinced that the information BGI's engineer gave Miss P about a power flush being needed was correct. She pointed out that Miss P's engineer had bled the system and serviced the boiler, which seemed to have dealt with the problem.

BGI said this would only be a temporary solution. It said there was sludge in the system which would eventually cause further problems. However, the investigator pointed out that 7 months later the system was apparently still working without problems.

There is a conflict in the evidence on what action needed to be taken on the system. On balance, like the investigator, I'm not persuaded that what BGI's engineer said was correct. So I think Miss P and her family were left without heating longer than they should have been, until her engineer could attend to the system.

Bearing in mind all the inconvenience Miss P and her family experienced I think £250 is fair compensation inclusive of the £40 BGI has offered, over and above the refund of premium she has received.

Putting things right

To put things right, I think BGI should now pay Miss P compensation of £250, inclusive of the £40 it has offered her.

My final decision

My decision is that I uphold this complaint, and order British Gas Insurance Limited to pay Miss P compensation of £250, inclusive of the £40 it has offered her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 9 March 2021.

Lennox Towers
Ombudsman