

The complaint

Ms H is unhappy that British Gas Insurance Limited (British Gas) increased her premiums each year and missed an annual service under her home emergency policy.

What happened

In 2002, Ms H took out a HomeCare policy with British Gas. The premiums increased each year. In 2020, Ms H complained to British Gas because she said that, as a loyal customer, it had treated her unfairly. She said that she would have been charged much less as a new customer. Ms H asked British Gas to compensate her for the years in which she had overpaid. Ms H also said that an annual service had been missed and that she hadn't received policy documents since 2017.

When British Gas replied, it said that the premiums had been correctly calculated and were based on a range of factors. It said that it had cancelled an annual service appointment and told Ms H three days in advance. It offered Ms H £100 compensation based on poor service and failing to service the boiler within the contractual year.

So, Ms H complained to this service. Our investigator didn't uphold the complaint. She said British Gas had fairly applied its pricing policy when calculating the premiums and that £100 was appropriate compensation for the missed annual service and poor customer service.

As Ms H did not agree, the complaint has been referred to me.

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.

Having done so, although I'm aware this will disappoint Ms H, I don't uphold this complaint. I will explain why.

Looking first at the premium increases, I can see that British Gas explained to Ms H that premiums were based on a range of factors, such as where the policyholder lives, their claim history and the details of the boiler or central heating system. It also explained that Ms H would have paid an introductory price when she first took out the policy and that a price change could mean that the introductory price or other discounts no longer applied.

It isn't unusual for a business to offer an introductory price to new customers or for the price to increase once this has expired. A business can set its own prices and base this on the risk factors that it thinks are relevant to set an appropriate premium. We can't tell an insurer how much it should charge. However, we can consider whether it was fair in how it calculated its premium.

When Ms H first took out the HomeCare policy, this didn't include cover for her appliances. When Ms H later added the appliance cover, I can see that she was charged an additional premium for this. I don't think this is unusual and also accounts for a particularly sizeable

increase in premiums at one point during the lifetime of the policy. However, I'm aware that the premiums increased each year anyway, although by a smaller amount.

British Gas provided a detailed breakdown of how it calculated Ms H's premium over a number of years. Looking at all of the factors British Gas used to calculate the premiums, I haven't seen anything that suggests that it was unfair in how it did so. It was based on a range of factors that British Gas decided were relevant to calculate an appropriate premium for Ms H and took into account Ms H's circumstances, such as the age of the boiler and the number of claims made.

I'm aware that Ms H had said that she thinks it's unfair that British Gas is able to make the level of profit that it does and that the premium increases show that it must overcharge. That isn't a matter for this service to consider. We can only look at individual complaints and whether that person has been treated fairly based on the circumstances of their case. So, I'm unable to comment on this.

I also note that the renewal documents said:

"Thank you for continuing to place your trust in us. You have been with us for a number of years. You may be able to get the insurance cover you want at a better price if you shop around. You should also check that the level of cover you've got with us is still right for you, and let us know if things have changed e.g. you've had a new boiler installed."

So, I think that the renewal documents explained that Ms H might be able to get a better deal by shopping around. However, I'm aware that Ms H has said that she didn't receive renewal documents since a renewal email sent in 2017.

British Gas provided this service the renewal documents that it sent. The ones sent by post were addressed to Ms H at the correct address. The email version were sent to Ms H at the email address that this service has. So I think it is more likely than not that the documents were sent to the correct address. However, once the documents left British Gas, it wasn't responsible for whether they were delivered. So, if they weren't received, I don't think it would be fair to hold British Gas responsible for that.

I can also see from British Gas' records that, after the policy renewed in 2017, Ms H contacted British Gas a few times to deal with issues covered by the policy, including annual services. So, I think that Ms H knew that the policy was still in place and that she had the opportunity to query the renewal documents or check the price of her policy if she wanted to do so. I don't think British Gas had any reason to think that Ms H hadn't received the renewal documents.

Ms H also said that British Gas didn't carry out one annual service. British Gas accepted that this was the case and offered Ms H £100 compensation for this and its poor customer service. I can understand that British Gas rescheduling the appointment would have been inconvenient for Ms H and that it meant the annual service took place much later than Ms H expected. I think that the compensation British Gas offered was reasonable in the circumstances.

So, thinking about all of the above, in my view, I haven't seen anything that causes me to think that British Gas treated Ms H unfairly in terms of the premiums it charged and I think it dealt with the missed service appropriately. As a result, I don't require British Gas to do anything further.

My final decision

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 18 February 2021.

Louise O'Sullivan
Ombudsman