

The complaint

Mr and Mrs M complain that British Gas Insurance Limited (BG) has unfairly declined their claim under their home emergency policy.

What happened

Mr and Mrs M rent out a property. The tenants contacted BG as they complained that they had no heating and hot water. The engineer attended and carried out a service of the boiler. But said that damage had been caused to the boiler as a result of sludge being present. He said that a quote would be provided for a power flush, replacement of the heat exchanger and a filter.

Following on from this visit, Mr and Mrs M contacted BG to check what the engineer had found and, on each occasion, that they spoke to an advisor, they were told that the remedial work was a recommendation and not mandatory.

Two additional appointments were made and the engineers who attended gave the same advice, that the build-up of sludge had affected the efficiency of the boiler and that further work might be chargeable, until Mr and Mrs M had the remedial work completed. Mr and Mrs M instructed an independent engineer to carry out the repairs, at a cost of £465.35.

BG did send Mr and Mrs M a quote but failed to include a quote for the power flush, which it said was needed in order to continue to provide a service to Mr and Mrs M. In addition to sending its quote, BG erroneously sent another quote to Mr and Mrs M, which related to another BG customer unknown to Mr and Mrs M.

Mr and Mrs M raised a complaint to BG. In its final response, BG said that for a while it had been telling Mr and Mrs M about the build-up of sludge in the boiler and that it would likely damage the internal workings of the boiler. It confirmed that any damage caused to the boiler due to the sludge would not be covered by the policy. It apologised for not quoting for a power flush when it had said this was needed to continue to provide a service. It also thanked Mr and Mrs M for bringing the breach of data to its attention, for which it apologised and offered £20 compensation.

Unhappy with the outcome Mr and Mrs M referred the complaint to this service. Our investigator didn't uphold the complaint. She said that BG had on several occasions told Mr and Mrs M about the build-up of sludge in the boiler, which was evidenced in the job records. She concluded that she was satisfied with BG's opinion that the boiler had been damaged due to the sludge and that this wasn't covered by the terms and conditions of the policy.

Mr and Mrs M didn't agree with our investigator and asked for a decision from an ombudsman.

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, I won't be upholding this complaint. I realise this will be a disappointment to Mr and Mrs M, but I hope my findings go some way in explaining why I've reached this decision.

My role is to determine whether BG acted fairly towards Mr and Mrs M in dealing with their claim. To this end, I think the main issues are that Mr and Mrs M said that BG has never reported to them that the boiler required a power flush and ultimately failed to provide a quote for it. BG found access issues to the boiler, which Mr and Mrs M query. Finally, Mr and Mrs M have raised that they pay a high premium each month for which BG has now declined their claim. And for this, they require BG to reimburse the independent engineer's fees as well as compensation for the distress and inconvenience caused.

For several years Mr and Mrs M have held a BG home emergency policy, which entitled them cover for a wide range of products including an annual boiler service. The boiler stopped producing heating and hot water and Mr and Mrs M's tenants contacted BG for a repair. Mr and Mrs M said that BG hadn't made them aware of the build of sludge in the system previously. And that BG didn't quote for a power flush.

I have reviewed the job records for each of the claims made by Mr and Mrs M over the years. Those records reveal that on several occasions, Mr and Mrs M were told that there was a build-up of sludge present in the system and that BG recommended a power flush. From the records, it doesn't appear that Mr and Mrs M's boiler had regular power flushes.

In April 2020, BG again notified Mr and Mrs M that remedial work would need to be carried out before any further repairs could be made to the boiler under the terms of the policy, as the sludge had caused the boiler to become less efficient and caused damage.

On the next occasion when Mr and Mrs M's tenants contacted BG as they were experiencing issues with the boiler. The engineer (who would be considered an expert) confirmed that a general gas safety check was carried out and the central heating boiler passed. But the engineer found that the plate heat exchanger was restricted, which he was unable to clean due to access issues. He also advised that because the damage was caused by sludge and scale, replacing the heat exchanger wouldn't be covered provided this remained the case. Consequently, the engineer didn't replace the heat exchanger.

Mr and Mrs M questioned how the engineer would've been able to service the boiler, if there had been an obstruction. They say that there was no obstruction as the engineer they instructed to carry out the repairs, did so without any problems.

I asked Mr and Mrs M to provide me with photos of the boiler. They provided a few of the front of the instruction manual of the boiler and one of the actual boiler. Although I can't see any obstruction to the boiler that could prevent access, there is no information before me as to when the actual boiler photo was taken. So, I have no evidence to disprove that the BG engineer was unable to access the boiler fully on the day he attended.

It is also of note that Mr and Mrs M engaged the services of an independent engineer who carried out repairs to the boiler, following BG's decline of the claim. He replaced the heat exchanger and other parts. And, I think the advice given by the BG engineer, was similar to that of the engineer that Mr and Mrs M used. Ultimately, I'm not satisfied that BG didn't properly notify Mr and Mrs M of the need to have the boiler power flushed and warned them by not doing so would result in any future claims being declined – which is what happened here.

Mr and Mrs M have also raised that they paid a high premium each month for the policy, only for BG to decline the claim, which they felt was unfair. They said that they have held the policy for several years and have said that they chose the top of the range cover for peace of mind. I have reviewed the terms and conditions of the policy. BG agreed to look after the electrics, drains, plumbing, boiler and boiler controls as well as an annual service. Over the years, from the records provided, Mr and Mrs M made various claims. They haven't said that BG failed to provide them with the services as and when they required them to attend.

BG said that it had warned Mr and Mrs M about the efficiency of their boiler on previous occasions and in accordance with the terms and conditions of the policy, if Mr and Mrs M didn't follow its recommendation, then it could decline any future claims. So, I don't think BG has been unreasonable in relying on the terms and conditions of the policy and declining the claim.

Taking all of this into account, I think BG acted fairly when it declined the claim. And the offer of £20 compensation for the trouble and upset it caused, is reasonable. So, I can't fairly ask BG to do anything more to resolve this complaint.

My final decision

My final decision is that the £20 compensation for the trouble and upset that British Gas Insurance Limited caused, is fair in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask X and Mr M to accept or reject my decision before 15 April 2021.

Ayisha Savage
Ombudsman