

The complaint

Mr M complains that British Gas Insurance Limited (BG) failed to carry out an annual service and increased his premiums, under his home emergency policy.

It should be noted that the insurer in this complaint is British Gas Insurance Limited, who is the business who underwrites this policy.

What happened

In 2016 Mr M took out a boiler care policy that included an annual service with BG. BG didn't carry out the annual service during 2018 to 2019. In June 2019 Mr M was invited to renew his policy. The renewal price had increased. Mr M was unhappy with the increase and because BG hadn't carried out the annual service, wrote a letter indicating that he wanted to cancel his policy.

In August 2019, BG called Mr M. During the conversation, it accepted that it had failed to carry out the annual service and that it didn't send out the reminder to book one. For this, it offered £50 compensation for the trouble and upset caused. In addition, it offered to reduce the premium to the cost of the previous year's premium. Mr M declined to accept the offer of the reduced premium and confirmed that he wanted the policy cancelled.

BG cancelled the policy from the date of the call but refunded the premiums paid from the date of the letter, to the date of the call. BG then sent Mr M its final response confirming the same outcome.

Mr M wasn't satisfied with BG's resolution, as he felt that BG should've refunded him the full cost of the premium as it hadn't provided the annual service. He also felt that the agent had been discourteous to him and so referred his complaint to our service.

Our investigator partially upheld his complaint. She said:

- That the premium didn't only cover the cost of the annual service but also for boiler issues. So it wasn't fair that BG refund the full premium.
- BG was willing to reduce the next year's premium, and this was fair.
- That £50 compensation for the trouble and upset was reasonable as BG recognised that it hadn't carried out the annual service and failed to send the reminder.
- Finally, as BG no longer retained the call recording, she accepted what Mr M had said about the poor service he received from the advisor. For this, she awarded a further £50 compensation for the distress and inconvenience caused.

BG didn't agree with our investigator's view regarding the additional £50 compensation. It said that there was no evidence to suggest that its agent had been impolite to Mr M. Also, it was impossible for it to have retained the call recording given the volume of calls it received and the time that had elapsed when the call was made. So it was unfair for it to have to pay the additional compensation. BG 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.

I considered the complaint and I thought the complaint shouldn't be upheld. I issued a provisional decision on 12 November 2020 and asked both parties to send me anything else by 12 December 2020. In my provisional decision I said:

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of the complaint.

Having done so, I intend not to uphold this complaint. I realise this will be a disappointment to Mr M, but I hope my findings go some way in explaining why I've reached this decision.

My role is to determine whether BG has been reasonable in its dealings with Mr M. In doing so I have considered both parties comments, the work history and reviewed the terms and conditions of the policy. The main aspect of this complaint is whether BG ought to pay additional compensation for the service he received from the advisor.

There's no dispute that BG accepted that it hadn't sent out the reminder for the annual service and didn't carry out the annual service in 2018 to 2019. For those errors, BG offered compensation of £50 for the trouble and upset it caused.

I have reviewed the policy terms and conditions and it says that: 'You can still contact us at any time to book it'. Although BG didn't send out a reminder it wouldn't have precluded Mr M from contacting BG to arrange an annual service, if he wished to.

*In addition, Mr M has said that he believed that BG was in breach of contract by its failure to arrange a service within 12 months. Nevertheless, the policy provides that: - 'Your **annual service** may be more, or less, than 12 months after your last service visit.' So, I don't think that by BG having failed to carry out the annual service within the 12-month period, breached the terms of the contract it had with Mr M. That's because the policy provides that an annual service can be carried out beyond the 12-month period. Despite this, BG recognised its failings and offered compensation for it. I am satisfied that its offer was fair and reasonable in the circumstances.*

I have next looked at whether BG ought to pay an additional £50 by way of compensation for the inconvenience it caused, and I don't think it should and I'll explain why.

Mr M has said that the advisor was rude and that he insisted that he must call again to confirm that he wished to cancel the cover. Unfortunately despite a request for the call recording from BG, it confirmed that the recording was no longer available due to the passage of time. So I must base my decision on the evidence before me.

I accept that Mr M wrote a letter to BG telling it that he wanted to cancel his policy. Following this, the evidence shows that he received a call from BG. I think that this call would've been BG's attempt to try to retain Mr M as a customer as it offered to lower the next year's premium amongst other things.

BG has provided a record of the call which details what the agent did during it. He noted that Mr M had raised a complaint, that he cancelled the policy on Mr M's request and that a partial refund of the premium was raised. The record said as follows:

'Contract Cancelled Reason: Price Related

Balance Refunded: £14.22

Cancellation Effective Date: 05.08.19

Products: Homecare One - -Contact cancelled as customer unhappy with renewal price

Call Reason: Other'

So I am persuaded by BG's comments that there would've been no reason for its advisor to tell Mr M to phone in again in order to cancel his policy, as from the record, the cancellation of the cover was one of the actions that the advisor completed.

Also, given that BG offered (as a goodwill gesture) £50 compensation by way of apology for missing the annual service and not sending the reminder, I think that this shows that BG attempted to assist Mr M. So I don't think there is enough evidence to indicate that the advisor had been impolite.

Overall, BG has dealt with Mr M fairly and I am satisfied that its offer is fair in the circumstances and I intend not to ask BG to do anything more to resolve this complaint. But I invite both parties to send me any further comments they might have for me to consider, in response to my provisional decision.

Responses to my provisional decision

BG had nothing further to add to the provisional decision.

Mr M said that he didn't make vexatious complaints. He was disappointed with the current findings. He wanted to remind me that BG had breached its own terms on the policy and directed me to look at page 27 of the policy. He was concerned that BG were happy to take money from him without providing a service and he felt that the policy wasn't worth the paper it was written on.

What I think and why

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of the complaint.

I have further reviewed the evidence given the responses received, in reconsidering this complaint.

I have reviewed page 27 of the policy and it doesn't mention anything relating to annual services. But page 29 does detail the terms regarding the annual service. Whilst I accept that this terms states that BG will attempt to contact policy holders to remind them to book for an annual service, the terms also states that that annual service could happen either within 12 months of the last service or more than 12 months of the last service. So I don't think BG is in breach of the terms of the policy as the policy allows for annual services to take place 12 months or more after the last service visit.

In addition, BG offered £50 compensation for its failure to remind Mr M to book for the annual service, in the circumstances I think that this is a fair and reasonable offer.

Finally, Mr M said that he didn't make vexatious complaints and felt that BG were offering a service that wasn't worth the paper it was written on. I understand Mr M's disappointment

with my decision, but I don't find that his complaint was vexatious. Reviewing the policy, I can see that Mr M had covered his boiler (amongst other things) for boiler breakdown as well as the annual service. So if Mr M had encountered an issue with his boiler, BG would've attended and carried out any repairs on an unlimited basis. I'm aware that the annual service element of the policy only makes up a small part of it and the £50 compensation reflects this. So I don't think BG has been unreasonable or unfair by the level of compensation it paid. And I won't be asking BG to do anything further to resolve this complaint.

My final decision

My final decision is that I don't uphold this complaint, for the reasons given.

British Gas Insurance Limited has already paid £50 towards Mr M's distress and inconvenience and I think this is fair in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 February 2021.

Ayisha Savage
Ombudsman