

## **The complaint**

Mr and Mrs V complain about the way British Gas Insurance Limited handled a claim they made on their home emergency insurance policy.

## **What happened**

Mr and Mrs V's boiler was around 17 years old. In late November 2019, they called British Gas to make a claim, as they noticed their boiler was leaking. An engineer visited their home but couldn't find the source of the leak. Mr V wasn't happy with how the engineer had looked into things, so he asked for a second opinion.

A second engineer visited Mr and Mrs V's home a few days later. He also couldn't find where the leak was coming from. As he felt the boiler would need to be dismantled to find the source of the leak and that there might be potential issues with reassembly, he didn't go ahead. But he offered to arrange a quote for Mr and Mrs V's boiler to be repaired and a discounted quotation was provided.

Mr and Mrs V were unhappy with the fact that British Gas hadn't repaired their boiler and they cancelled their policy. They felt British Gas had refused to carry out a repair and that they'd been backed into a corner. They also independently got their boiler replaced.

British Gas refunded £25.10 for the premium Mr and Mrs V had paid since they'd last had work done. But it didn't think it'd done anything wrong. It said Mr and Mrs V had been advised over the past few years that their boiler was on a reduced parts list and to consider replacing the boiler. It also said the engineer had suggested that the boiler could be repaired. But as it would need to be moved and dismantled and given the risk of not being able to get the necessary boiler parts to get the work done and reassembled, there was a high chance the repair could fail and leave Mr and Mrs V without heating.

Mr and Mrs V remained unhappy and they asked us to look into their complaint.

Ultimately, our investigator thought British Gas should refund Mr and Mrs V the cost of the premium they'd paid during the 2019 policy year. She felt this was what the policy terms required it to do. She did think Mr and Mrs V had been on notice that their boiler might not be able to be repaired before they chose to renew their policies though, so she didn't think British Gas needed to refund their premiums for previous years.

British Gas disagreed. It said it'd visited Mr and Mrs V's home four times during the 2019 policy year, so it didn't think it was fair to direct it to refund the full premium for that year.

I issued my provisional decision on 8 December 2020. In my provisional decision, I explained the reasons why I planned to award Mr and Mrs V £50 compensation. I said:

*'It seems to me that there are two key issues for me to decide. Did British Gas handle the claim fairly? And should it refund the premiums Mr and Mrs V paid for cover? I'll deal with each point in turn.'*

*Did British Gas handle the claim fairly?*

*Mr and Mrs V called British Gas in late November 2019 to let it know the boiler was leaking. It seems that the boiler was still working at this point – although towels were needed to soak up leaking water. The engineer who first attended couldn't find the leak. The internal job notes British Gas has sent us reflect this. They also state that it would be uneconomical to repair the boiler. It isn't clear whether the engineer gave his opinion to Mr and Mrs V during his visit, as Mr and Mrs V say he told them he'd speak to his manager and then didn't get back to them.*

*Mr and Mrs V got back in touch a few days later and a second engineer visited their home. I think this was a fair and appropriate response from British Gas, given the concerns Mr and Mrs V had about the first engineer. British Gas says the engineer felt the leak was deep inside the boiler and that in order to find it; the boiler would have to be taken apart. He felt numerous parts might need to be changed and due to the age of the boiler, might not be available. So the engineer was concerned that the repairs would be unsuccessful and that Mr and Mrs V might be left without heating.*

*It's clear a repair wasn't carried out. The job sheet simply says that a quote had been arranged (for a new boiler), while British Gas says the engineer gave Mr and Mrs V the option for him to try and repair their existing boiler. Given the age of the boiler and the fact that parts were largely obsolete and unavailable, it seems reasonable for the engineer, using his expert opinion, to draw this conclusion. Especially given it was the coldest time of the year and attempting a repair could've left Mr and Mrs V without heating. It isn't so clear whether the engineer explained his rationale to Mr and Mrs V though. The job sheet he gave them simply referred to arranging a quote. I think this does tend to suggest that the engineer explained replacing the boiler was the best option.*

*I've looked closely at the job records. It seems that from at least 2015 onwards, engineers had advised Mr and Mrs V that there might be reduced availability for parts for the boiler and that some parts were obsolete. This was reiterated by other engineers, including in June 2019. So the engineer's findings in December 2019 do appear to be supported by earlier reports from other engineers who'd looked at the boiler.*

*Based on what I've seen so far, I currently think it seems fair for British Gas' engineers to have relied on their professional judgement to decide they couldn't repair the boiler.*

*Should British Gas refund the premium Mr and Mrs V paid for cover?*

*I've looked carefully at the renewal documents Mr and Mrs V were sent ahead of their policy renewals in 2018 and 2019. The renewal letters both state that the manufacturer of Mr and Mrs V's boiler had stopped making their boiler some years beforehand and that parts were becoming difficult to source. The letters pointed out that this meant British Gas might not be able to fix their boiler, although it'd do its best to keep it running for as long as possible.*

*Taken together with the advice Mr and Mrs V had been given by a few engineers about the potential for boiler parts to be obsolete and that their boiler might need to be replaced, I think they ought to have been aware that there was a real risk that British Gas might not be able to repair their boiler. They decided to go ahead with renewing the policy despite these clear warnings.*

*I also think the renewal documents made it clear what would happen if British Gas couldn't fix the boiler. It said:*

*'In the unlikely event we can't fix the boiler, you may be able to get a refund back dated to*

*when you last had work done, or to when you renewed your agreement – whichever's the most recent.'*

*Mr and Mrs V's policy renewed in May 2019. Between the renewal date and the date they cancelled the policy in December 2019, Mr and Mrs V had four visits from engineers, including their annual service and to investigate problems with the boiler. Their last visit was on 6 December 2019 – a few days before the policy was cancelled. So I'm satisfied they did benefit from the cover and it wouldn't be reasonable to direct British Gas to refund the premium Mr and Mrs V paid for 2019.*

*The policy terms also set out that if a policyholder cancels the policy after British Gas has completed work, cancellation charges will apply. These include £65 for an annual service and £115 for boiler or central heating repairs. I also think it's fair for British Gas to take into account that Mr and Mrs V were 'on risk' for over seven months of their policy. It seems the refund of premiums British Gas paid takes into account the call out charges, repair costs and the time they were on risk.*

*Overall, I'm not planning to tell British Gas to refund the premium Mr and Mrs V paid for their policy in 2019 or in the years beforehand. Having considered everything though, it isn't clear to me that British Gas' engineers gave Mr and Mrs V as clear a picture about why their boiler couldn't be repaired or kept them as updated as they could've done. And it seems that British Gas took over two months to acknowledge Mr and Mrs V's concerns, which added to their frustration. So I think an award of compensation is appropriate to recognise the impact this had on Mr and Mrs V. In the circumstances, I think £50 is fair and reasonable.'*

I asked both parties to send me any more evidence they wanted me to consider.

British Gas maintained that it felt that its engineers had given Mr and Mrs V sufficient information about their boiler during their visit. But it acknowledged there'd been some delays in responding to their concerns. So it agreed to pay Mr and Mrs V the £50 compensation I planned to award.

Mr and Mrs V disagreed with my provisional decision. They said it was categorically incorrect that they'd been sent a quote.

### **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 still think a fair outcome to this complaint is for British Gas to pay Mr and Mrs V £50 compensation and I'll explain why.

I'm pleased British Gas has agreed to pay the compensation I outlined in my provisional decision. So I don't think I need to comment any further on this point.

Mr and Mrs V say that British Gas didn't send them a boiler replacement quote. As I explained in my provisional decision though, my reference to a quote within my provisional findings was based on the engineer's job sheet stating that they'd *arrange* a quote. I didn't make any finding on whether or not a quotation *had* been given. In this case though, I don't think it makes any difference to the outcome of the complaint.

Overall, having considered everything again, I still think it was fair for British Gas' engineers

to rely on their expert opinions to decide the boiler couldn't be repaired. I also still don't think British Gas needs to refund the full premium Mr and Mrs V paid in 2019, or during the preceding policy years. But I remain satisfied that British Gas caused Mr and Mrs V some distress and inconvenience in the way it handled their claim. So I still think it's fair and reasonable for British Gas to pay Mr and Mrs V £50 to reflect this.

### **My final decision**

For the reasons I've given above and in my provisional decision, my final decision is that I uphold Mr and Mrs V's complaint in part.

I direct British Gas Insurance Limited to pay Mr and Mrs V £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V and Mrs V to accept or reject my decision before 8 March 2021.

Lisa Barham  
**Ombudsman**