

The complaint

Mrs M complains, via her representative, about British Gas Services Limited (“British Gas”), in relation to the value offered by her HomeCare agreement over a number of years. She feels that she was mis-sold the policy and wants British Gas to refund the element of her premiums which reflected repair cover.

What happened

Mrs M has a boiler which was made more than 25 years ago.

From the late 2010s onwards, Mrs M had a British Gas HomeCare policy in place and renewed this policy each year. Her policy included an annual service for gas hob and boiler appliances and cover for emergency call out and repair of those appliances.

In 2019, Mrs M received her renewal information and noted that the price of the policy was increasing to £370.66. Mrs M’s representative contacted British Gas and agreed to downgrade her policy so that it only included a gas hob and boiler service. This reduced her premium price to around £140 per year.

Mrs M complained to British Gas. She felt that the call out and repair cover for her boiler, which had made up more than half of her premium for a long period, had not been appropriate for her and had been mis-sold to her, given the age of her boiler and the seeming non-availability of parts for repairs.

British Gas sent Mrs M its final response letter in April 2020. It agreed that British Gas had not met the level of service that Mrs M had expected, and it offered her £35.82 compensation, apparently reflecting 3 months of her ongoing service cost.

Mrs M was not happy with that response and contacted us. Mrs M felt that the compensation level was insufficient if she had been paying around £160 per year for cover for the boiler, when it would not have been possible to carry out repairs requiring replacement parts.

Our investigator said we can only consider the renewals after 2013 up until 2019, due to time limits. In respect of those years, she did not agree that Mrs M had received no benefit from the emergency cover. This was because a successful repair had been carried out in 2017 and at no time had parts not been available for a repair. She therefore didn’t think that British Gas had done anything wrong and she did not recommend that British Gas do anything further.

Mrs M did not accept that view and asked for an ombudsman decision.

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.

Mrs M and her representative understand that the boiler is no longer made and they appear to believe that parts for replacement have not been available for some time. On that basis, I can see why they feel that the emergency cover part of the policy was not required and shouldn't have been sold to Mrs M each year if repairs would not have been possible.

I do not, however, agree with their view.

When considering complaints about mis-sale of products we consider four stages:

- i) what actually happened?
- ii) what should have happened?
- iii) has the consumer lost out as a result?
- iv) If so, what needs to happen to put things right?

- i) What actually happened?

Mrs M renewed her policy automatically each year and continued to pay by direct debit. She was sent renewal information which detailed the cover provided and explained that this included repair of Mrs M's "boiler, radiators, hot water cylinder, and the water pipes that connect them and controls such as thermostat and programmer". The renewal advised that Mrs M could get in touch to make changes or cancel the agreement and that the agreement would automatically renew on a particular date unless she told them she did not want it to

The evidence provided by British Gas shows that annual services have been carried out to Mrs M's gas appliances consistently. Repairs were also carried out to the boiler in 2017, with no issue arising as to availability of parts, or as to the possibility of repair.

British Gas notified Mrs M in 2018 that parts for the particular model of boiler she had were becoming less easy to source and that some parts may not be available in the future. This warning made clear that the most important parts were still being made but added that if a repair was required and British Gas was unable to fix the boiler then a refund would be made, backdated to the last repair or the last renewal.

- ii) What should have happened?

We expect businesses to make clear what a consumer is buying during a renewal of a policy. This would include making it clear what is covered and what is not covered.

We would expect that the renewal information gave Mrs M sufficient information to decide whether the continued policy had a benefit for her. This would include making clear if British Gas would no longer support her boiler.

In this case I have not seen evidence that British Gas would not be able to support or repair Mrs M's boiler. It appears that the most important parts for the boiler continued to be available and it was clearly possible for repairs to be carried out in 2017, when the boiler was successfully repaired. Consequently, I do not think that British Gas did anything wrong in the way it continued to offer and renew Mrs M's policy.

- iii) Has the consumer lost out?

I agree with the investigator's view that Mrs M has benefitted from cover for repairs throughout the period of her policy. This is because she received a successful repair of the boiler in 2017, and she continued to have cover for the other parts of the system included (e.g. radiators, water pipes and controls). In addition, when British Gas sent the parts warning, this also detailed that British Gas would attempt to repair the boiler, and if unable to do so they would offer a refund. I think that Mrs M has benefitted from cover throughout the

period, and where there was a risk that parts may not be available, she benefitted from the assurance that she would be refunded for any policy which was not useable.

Given the answers to the first questions, I do not need to address the next question.

I do not think British Gas has done anything wrong in continuing to offer Mrs M cover up to and including the 2019 renewal. I understand that the final response from British Gas confused matters and was not clear, firstly about what British Gas were apologising for, and secondly how their compensation amount had been arrived at. I do not think that this response was helpful, but I do not consider that it constituted a failing in service.

As a result, I agree with the investigator's view and do not uphold Mrs M's complaint.

I appreciate that Mrs M will be disappointed by this decision, but I hope it is clear how and why I have reached it.

My final decision

For the reasons given above I do not uphold Mrs M's complaint and do not ask British Gas Services Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 27 May 2021.

Laura Garvin-Smith
Ombudsman