

## The complaint

Mr S complains that British Gas Insurance Limited unfairly turned down a claim he made on his Homecare home emergency insurance policy.

## What happened

Mr S had a Homecare home emergency policy provided by British Gas from about 2010. His policy covered all repairs to the mains electrical system and wiring in the property and included accidental damage cover.

In February 2019, Mr S instructed a third-party to upgrade the fuse box in his house to a consumer unit. Just over two weeks after the third-party installed the consumer unit, British Gas went out to Mr S's house, as he'd reported problems with some of his electrical wiring. According to what Mr S said, he thought the problem might have been caused by him inadvertently puncturing the wiring when hitting a nail into the wall.

British Gas's engineer noted there was no *"RCD protection on SKT CCT on the new consumer unit"*. And, British Gas later declined Mr S's claim because it said it was a 'pre-existing' issue that only came to light when the new consumer unit was installed.

Mr S thought the installation of the new consumer unit simply highlighted an existing problem with the wiring rather than caused it. And he says the third-party installer confirmed that. So, he complained to British Gas and said he wanted to understand the legal basis for its decision to turn down his claim. He was particularly unhappy because he said if there had been a way to identify the fault before the consumer unit installation got underway, British Gas would likely have repaired it.

British Gas responded in June 2019. It said *"due to pre existing faults, we are unable to make repairs in relation to your consumer unit"*. And when explaining its decision further, it said *"the notes from our engineer states there is no RCD protection on socket. That can only be the case after the new consumer unit has been installed"*.

Mr S complained to us. Our investigator asked Mr S if he could provide the third-party installer's comments regarding the issues he came across when he completed the work at Mr S's house. The managing director of the company said they'd isolated two electrical points from the main circuit due to an underlying issue with the wiring. He said this could be due to a number of different things, including the age of the wiring or poor installation methods. The third-party installer confirmed they'd otherwise left things in a safe and functional condition.

We shared the third-party's comments with British Gas. We didn't hear anything more, so our investigator decided, based on the evidence she'd seen, to uphold the complaint. She said Mr S had had Homecare insurance with British Gas for about 10 years (and his policy included accidental damage cover). The investigator thought for British Gas to rely on a policy exclusion surrounding existing damage, it would have to show the damage occurred more than ten years ago – and before Mr S took out his policy. She also thought that, on balance, the damage to the wiring was more likely to have happened at

some point during the earlier period of continuous cover. For those reasons, she didn't think British Gas had acted fairly when declining the claim. And she recommended it reconsider it within the remaining terms of the policy.

Mr S accepted the investigator's assessment. British Gas didn't and gave us further comments. Amongst other things, it said the third-party who installed the consumer unit should have tested every circuit to identify faults before installing it. And, as British Gas didn't think the third-party had done that, it said it was right to reject the claim.

Our investigator sent further comments for British Gas to consider. She said she thought it unfair that had the third-party installer identified the fault and allowed British Gas to fix it before the consumer unit was installed, British Gas would have accepted the claim. But because the third-party installed the unit before telling Mr S about the problem, British Gas rejected the claim for reasons beyond Mr S's control. The investigator didn't think the faulty wiring happened when the new consumer unit was installed (the suggestion appearing to be that it wouldn't have been fair for British Gas to rely on an exclusion surrounding defective workmanship by a third-party). And she thought it was more likely the result of accidental damage during the period of continuous cover. So, the investigator thought the claim should be payable under the policy.

British Gas again said there wasn't a problem with the electrics when the original fuse box was installed. It said the problem only became apparent when the third-party updated the controls. It added that as the third-party installer had indicated (having previously suggested otherwise) it had completed an initial electric circuit test, then the claim would fall under other terms and conditions of the Homecare policy (under the heading of '*non insurance products*') and a specific section called '*Electrical Installation Report*'. British Gas indicated the claim would probably be declined under that section of the policy too. Finally, British Gas again said that if there had been a problem with the electrics reported with the existing fuse box/consumer unit it would have resolved the issue.

Our investigator again told British Gas that the damage to the wiring most likely happened after the initial unit was installed but before the consumer unit was fitted. And, as she was satisfied it didn't happen as part of the upgrade (again the suggestion seeming to be that the third-party installer hadn't caused the damage), she again thought it should be covered by the remaining terms of Mr S's policy.

British Gas didn't agree and again referred to other terms and conditions "*Electrical Installation Condition Report, what's not included: Any **repairs** to faults identified during testing and inspection*". It said its position remained the same.

As British Gas didn't agree, the matter's been passed to me to decide.

### **What I provisionally decided – and why**

I sent Mr S and British Gas my provisional findings on 2 March 2021. I've included the relevant extracts below.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

*"Mr S's homecare policy provided cover for all repairs to the mains electrical system and wiring. But like many insurance policies, there are also a number of exclusions within the policy.*

*British Gas turned down the claim because it said the problem was 'pre-existing' and that it only came to light when the new consumer unit was installed.*

*The policy definition of 'pre-existing' faults is:*

- *Were already there when your boiler, appliance or system was installed;*
- *Existed when you first took out the product;*
- *We've told you about before and you haven't fixed;*
- *We couldn't reasonably have been expected to know about before. For example faulty pipes that don't have the correct protection, which are buried under concrete floors;*
- *Or prevent access because a part of your system has permanently been built over.*

*There's no dispute that the wiring in Mr S's home needed to be repaired. So, the issue I need to consider here is whether it was fair and reasonable for British Gas to turn down the claim for the reasons it did. And, I'm not currently persuaded it was.*

*British Gas had been providing Mr S's homecare cover for a number of years. And I've seen no evidence to suggest there was a problem with the wiring when Mr S first took out his policy. British Gas seems to accept that. Nor is there evidence to suggest British Gas told Mr S about a problem before and he hadn't had it repaired. And, as none of the other examples within the policy exclusion seem to apply either, I'm not persuaded that the circumstances fit the definition of a 'pre-existing' issue as set out within the policy. And British Gas has also argued that as the issue only came to light when the new consumer unit was installed by a third-party - the suggestion being that must have had something to do with the faulty wiring – it said it's right to decline the claim on the basis of a 'pre-existing' issue.*

*But that wasn't British Gas's only reasoning. Its comments also indicated it had some concern about the quality of the workmanship by the third-party. And, whilst not explicitly stated, it seems to be suggesting that another policy exclusion might also apply in these circumstances. Amongst its additional reasons, British Gas said the third-party installer hadn't checked every circuit before installing the new consumer unit; failed to provide an installation certificate; and hadn't isolated a faulty circuit. For these reasons (amongst others) British Gas felt it was right to stand by its decision to turn down the claim.*

*I'm not persuaded by these arguments. Firstly, the third-party has explained that it had been tasked with upgrading the consumer unit and not with providing a full electrical installation report. And it also said that when it identified the faulty wiring it isolated two electrical points from the rest of the circuit to enable the installation to continue. So, I think this provides a plausible explanation for some of what happened.*

*British Gas also seemed to suggest that the fact there was no RCD in place also cast doubt about the quality of the third-party's work.*

*I accept that it wouldn't be fair to expect an insurer to put right damage that's caused by a third-party's work – particularly if the work was so inadequate so as to lead to further work. And there's an exclusion in Mr S's policy under the heading of 'Damage caused by anyone but us'. It says:*

*“If anyone other than us carries out any work on your boiler, appliance or system and damages it, your cover doesn’t include putting that right”.*

*But for British Gas to rely on the kind of policy exclusion I’ve referred to above, it wouldn’t be enough to simply say the work wasn’t completed to a high enough standard. British Gas would have to show that the third-party’s work was the cause of the damaged wiring.*

*And, I’m not currently persuaded its done enough to show that. As far as I’m aware an RCD (residual current device) is a sensitive safety device, which switches off electricity if there’s a fault. It seems these are installed within a consumer unit and can provide protection to individual or groups of circuits. So, whilst I can appreciate British Gas’s concern about no RCD being present, there’s nothing to say that’s likely to have caused the damage to the wiring. And the fact that the problem with the wiring only came to light once the third-party’s installation got underway, doesn’t in itself mean the third-party’s work was the cause of it.*

*Further, British Gas has confirmed that it would likely have repaired the faulty wiring if it had been identified before the new consumer unit was installed. But as it wasn’t raised until after the consumer unit was in place, it thinks it’s another basis upon which it’s able to classify the problem as ‘pre-existing’. Irrespective of whether Mr S highlighted the problem before or after the consumer unit was installed, I’ve already said why I don’t think the particular circumstances of Mr S’s claim meet the definition of a ‘pre-existing’ fault as described within the policy. I remain of that opinion. And, it follows that I’m not persuaded by the additional arguments British Gas has made to support its decision.*

*For completeness I’ll say here that I won’t be commenting on the specific points that British Gas made about the claim likely being excluded under the ‘Electrical Installation Condition Report’ section of the homecare policy. That’s because the products included under that section of the homecare policy are not insurance products provided by British Gas Insurance Limited and are provided by a different business.*

*For all the reasons I’ve outlined, I’m not currently persuaded that British Gas Insurance Limited has done enough to show it was fair and reasonable for it to turn down Mr S’s claim. And I think it’s one that is covered by the policy terms I’ve referred to. So, I’ve set out below the action I’m intending to say British Gas needs to take to put things right now. It also seems Mr S has been put to unnecessary trouble as a result of British Gas’s handling of things. So, I think it should pay Mr S £200 compensation for the distress and inconvenience caused.*

## **Responses to my provisional decision**

Mr S accepted my provisional findings, but British Gas didn’t. Amongst its comments, British Gas again said that:

- There wasn’t a fault with Mr S’s electrics when the original fuse board/consumer unit was installed and the fault only became apparent after additional updated controls were installed when the new consumer unit was fitted by a third party.
- Had there been a fault with Mr S’s existing fuse board /consumer unit it would have resolved it under the Homecare policy, however in this case there was an expectation that “an existing wiring circuit installed a period of time ago (sic), to meet today’s regulations and circuit control, without any faults”.
- As it thought the fault only became apparent after additional updated controls were installed when the new consumer unit was fitted by the third party, it wouldn’t be

covered as per its terms and conditions, "*Electrical Installation Condition Report*  
*'What's not included'* Any repairs to faults identified during testing and inspection".

### **My findings**

British Gas hasn't given me any new comments or information to consider. And it's made the same comments it made previously, each of which I'd considered or directly addressed in my provisional decision. Given that, I see no reason to change what I said in my provisional decision.

### **My final decision**

I uphold this complaint. And I now direct British Gas Insurance Limited to:

- Settle Mr S's claim in line with the remaining terms of his policy by repairing the faulty wiring. Or (as is likely) if Mr S has already had the work done and paid for it, subject to invoices being provided, it should reimburse Mr S for the cost of that repair work.
- If British Gas Insurance Limited provides a cash settlement instead of arranging and paying for the work itself, it should also pay Mr S simple interest of 8% a year from the date of claim to the date of final settlement.
- Pay Mr S £200 for the distress and inconvenience caused by the poor handling of Mr S's claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 May 2021.

Amanda Scott  
**Ombudsman**