

The complaint

Mr M and Ms M complain British Gas Insurance Limited dealt poorly with a call-out under their home emergency insurance policy and won't reimburse them for the repairs another engineer carried out, because it says these aren't covered by their policy.

What happened

Mr M and Ms M are landlords of a tenanted property and have had home emergency cover with British Gas for many years.

Early one evening in November 2019 Mr M and Ms M's tenants, who have a young child, called to say they'd had an electricity outage. Ms M says this left them without heating, hot water, lighting or cooking facilities.

When Ms M called British Gas, she says she was told an engineer would come between 6pm and 8pm. When the engineer didn't arrive, Ms M says she called British Gas a number of times and, in the end, was told an engineer might not get to the house until well into the night. Ms M says her tenants were cold and wanted to sleep so she instructed British Gas not to come until the morning.

An engineer did come in the morning. But he wasn't able to fix the fault, saying someone more experienced was needed. Ms M says he said another engineer would be there by 12:45. But when Ms M called British Gas to confirm this, she was told an engineer could arrive at any time before 6pm. And in a later call, Ms M says she was told the appointment had been moved to "*an after-hours slot*".

Unhappy at the thought of her tenants having another night without electricity, that afternoon Ms M called out a private electrician. He was fixing the fault when the second British Gas engineer arrived (and was sent away). Ms M's electrician said the main isolator switch had burnt out, so he replaced it. He charged Mr M and Ms M £212.90 for the call-out and repairs. Mr M and Ms M complained to British Gas about its service. They said they wanted £250 each in compensation for themselves and their tenants. And they asked British Gas to reimburse them the £212.90 they'd paid the private electrician.

British Gas didn't uphold Mr M and Ms M's complaint. It offered them and their tenants £50 each as a goodwill gesture for its delay in getting an electrician to call. But it said the work done by the private electrician wouldn't have been covered by Mr M and Ms M's policy. It said their policy excluded cover for "*the electricity supply up to the fuse box or mains isolation switch if fitted*".

Unhappy with this outcome, Mr M and Mrs M brought their complaint to us. The investigator who looked at it didn't uphold it. He thought British Gas had gone to the property within a reasonable timescale. And, while there were mistakes in British Gas' communications with Ms M, he thought the compensation it had offered was reasonable. And he didn't think the work that had been carried out was covered under Mr M and Ms M's policy.

In my provisional decision of 17 March 2021, I explained why I intended to uphold Mr M and Ms M's complaint. Neither Mr M and Ms M nor British Gas has given me any comments on my provisional decision, which has now come to me for a final 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.

Having done so, and for the reasons given in my provisional decision, I've decided to uphold Mr M and Ms M's complaint.

In my provisional decision, I said I'd explain my reasons for upholding the complaint by looking separately at the complaint points Mr M and Ms M had made, as follows:

“British Gas’ handling of Mr M and Ms M’s home emergency

British Gas has acknowledged there was a delay in getting an electrician to the property. Ms M says the service she got wasn’t fit for purpose.

There’s always going to be some distress and inconvenience to a policyholder when there’s a home emergency. On the evening of the outage, it seems Ms M made a number of calls to British Gas and I’m sure she was distressed to think that her tenants – including a small child – didn’t have any power.

It was, though, her decision (made for very understandable reasons) to “stand down” an engineer when it became clear no-one would get to the house until after 10pm. And it seems an engineer did arrive promptly the next morning. It must’ve been frustrating for Ms M that he was unable to fix the problem. But British Gas says only certain of its engineers are able to do the work that was needed.

I can understand though that, having made yet more calls that day – and being given different answers from British Gas about when a second engineer would call – Ms M grew increasingly concerned and frustrated her tenants could face a second night without power. And ultimately this led her to call out a private electrician who, it seems, came to the house quite quickly (meaning the British Gas engineer who arrived soon afterwards was sent away).

As I’ve said, I think it’s reasonable to expect some distress and inconvenience when you have a home emergency. And I wouldn’t expect British Gas to give Ms M an exact appointment time. But, especially the following day, when the first engineer hadn’t been able to help – and given Ms M’s experience of the night before – I think British Gas should’ve done more to get an engineer to the house quickly. And, crucially, I think British Gas should’ve done more to communicate likely timescales more clearly to Ms M. It didn’t do that, which I think added to Ms M’s distress and inconvenience.

British Gas has offered Mr M and Ms M and their tenants £50 each for their distress and inconvenience. I agree with our investigator that, since they aren’t policyholders, our rules don’t allow us to award compensation to Mr M and Ms M’s tenants. But I don’t think the offer of £50 made to Mr M and Ms M reflects the distress and inconvenience Ms M had, as I’ve outlined. I think an award of £150 is fair and reasonable in the circumstances I’ve described and that’s what I intend to award.

Were the repairs covered by Mr M and Ms M’s policy?

As I've mentioned, Mr M and Ms M's engineer replaced the main isolation switch, which he said was burnt out.

Mr M and Ms M's policy says it covers repairs to the mains electrical system in the property "including the fuse box, light fittings, switches, sockets, isolation switches...". It says it doesn't cover "the electricity supply cable up to the fuse box or mains isolation switch if fitted".

British Gas says because the repair involved replacing the main isolator switch it wasn't covered under the policy. Ms M says that's not her reading of the policy term. She says it means only the cable between the meter and the isolation switch, if fitted, or the fuse box is excluded – but the isolation switch itself is included.

I can see from claims notes British Gas has given us there was a question internally about whether the policy exclusion covered the main isolator switch. One note refers to a discussion with a technical help desk:

"Discussed in a little more detail cover around isolation switch because I was thinking it is covered. Essentially, if this switch is located on the circuit before the fuse box - not covered. If it's located on the fuse box, no reason found as to why it should not be covered because we provide cover from that point on ...".

Our investigator asked Ms M about the location of the isolator switch in her property. She said on her installation, a cable goes from the meter to the fuse box and the isolator switch is fitted between these two points.

So it seems to me, based on the internal note I've quoted and Ms M's description of her installation, that British Gas doesn't intend to cover Mr M and Ms M's isolation switch under the terms of their policy. But, from what I've seen so far, I don't think the policy wording, as it applies in Mr M and Ms M's case, is clear. I think there are two possible ways of reading it.

Either:

- *the electricity supply cable alone – whether it goes into the fuse box or into the mains isolator switch (if one is fitted) – is excluded.*

Or:

- *the electricity cable together with the fuse box or the mains isolator switch (if one has been fitted) are all excluded.*

Ms M thinks the first interpretation of the exclusion is correct. British Gas thinks the second is correct. And I should say British Gas has recently confirmed to us that, once fitted by the supplier, the main isolation switch does become Mr M and Ms M's responsibility (and not, for example, the electricity distributor's or supplier's).

My current view is that the policy wording, as it applies to the facts of Mr M and Ms M's complaint, isn't clear. And in circumstances where the wording isn't clear, it's a well-established principle that the policy term should be interpreted in favour of the party that didn't draft the contract. As a result, I consider it reasonable to conclude here that the circumstances of Mr M and Ms M's claim should be covered by the policy.

It follows from this that I think British Gas should reimburse Mr M and Ms M the costs their private electrician invoiced them for of £212.90 (plus interest)."

As I've already mentioned, neither Mr M and Ms M nor British Gas has given me any comments on my provisional decision. And having looked at everything again, I don't see any reason to change the findings I set out in it and which therefore now form part of this final decision.

Putting things right

I direct British Gas Insurance Limited to:

- pay Mr M and Ms M £150 for the distress and inconvenience its handling of their home emergency has caused them; and
- reimburse Mr M and Ms M their costs of £212.90. It should also pay them simple interest at the rate of 8% per annum on this amount from the date they paid the invoice to the date of payment. If British Gas Insurance Limited considers it's required to HM Revenue & Customs to withhold income tax from that interest, it should tell Mr M and Ms M how much it's taken off. It should also give them a tax deduction certificate if they ask for one, so they can reclaim the tax from HM Revenue & Customs, if appropriate.

My final decision

For the reasons I've given, I uphold Mr M and Ms M's complaint and direct British Gas Insurance Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M and Ms M to accept or reject my decision before 26 May 2021.

Jane Gallacher
Ombudsman