

The complaint

Mr D's complaint is about a central heating insurance policy with British Gas Insurance Limited.

What happened

I issued a provisional decision on this matter in March 2021, part of which is copied below:

"In December 2018 Mr D took out a policy with British Gas to cover his boiler and central heating system. The policy also includes an annual service of his boiler.

British Gas carried out an annual service of the boiler a few days after the policy was taken out. In September 2020, Mr D says he realised the boiler had not been serviced since December 2018. He tried to book the service online but was told the service was not due yet, which obviously was not right. Mr D says he had to phone and was then able to book the service. The policy came to an end on 2 December 2020 as Mr D chose not to renew it.

Mr D is unhappy that there was such a long interval between the 'annual' services. He says he should have received three services as they should have been done in each calendar year and has asked for a refund of a year's premiums to compensate for this not being provided.

British Gas says it carried out an annual service during each contractual year, which is in line with the policy terms.

One of our investigators looked into the matter. He did not recommend the complaint be upheld, as he was satisfied that the policy provided for an annual service during each policy contractual year and this had been fulfilled by British Gas.

Mr D does not accept the investigator's assessment, so the matter has been passed to me. He has made the following points:

- He'd not received any reminders for the service at all.
- When the service was carried out in September 2020, the engineer pressurized him into agreeing to a new boiler, which he declined but he kept getting calls about a new boiler.
- British Gas is in clear breach of the Financial Conduct Authority's principles regarding the fair treatment of customers.
- He had a reasonable expectation, created by the wording of the insurance contract, that the service of his boiler would be conducted in line with manufacturer guidance – *i.e.* annually.
- The fact that the service interval is in line with the loose interpretation of the policy wording doesn't change this.
- The wording creates an impression that gaps between services might exceed 12 months, but in no way does it create an impression that this might be just under two years. The wording is being used in a way that enforces unfair treatment of the customer and should be regarded as an unfair contract term.

What I've provisionally 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.

The policy says annual services might not always be done 12 months apart and can be carried out at any point in the contractual year. I do not consider it amounts to an unfair contract term but agree with Mr D that it, like any other policy term, should be applied fairly and reasonably.

I also agree with Mr D that it is a reasonable expectation that the services would be done as close to 12 months apart as reasonably possible; and that the 21 months between the services carried out on his boiler in December 2018 and September 2020 was not reasonable. I do not consider it reasonable for British Gas to rely on this policy term, to effectively extend the service interval to almost two years. I also note that British Gas does not seem to dispute that no reminders were sent to Mr D about the service.

Having decided that it was not reasonable to leave such an interval between the services, I have to consider what impact this had on Mr D in order to determine whether any award is appropriate.

Even if the annual services should have been done no more than 12 months apart, the third one would not have been due until after the policy ended on 2 December 2020. I say this because the first service was done on 6 December 2018 (a few days after the policy was taken out), the next one would have been 6 December 2019 and the third would have been on or after 6 December 2020.

A service was carried out in each of the policy years and Mr D cancelled the cover before the third policy started. I don't therefore agree with Mr B that British Gas should refund the entire year's premium.

I have also not seen any convincing evidence of any detrimental effect on Mr D's boiler. There is no evidence that there was any fault or issue with the boiler at all, and no fault or issue that was made worse by a delay in servicing the boiler.

I do, however, consider that some compensation is due for the loss of expectation; the failure to send Mr D any reminders about his service between December 2019 and September 2020; and the incorrect information provided, when he tried to book a service visit online. I consider the sum of £75 to be appropriate.

Finally, I understand Mr D was also offered £50 for the "*harassment*" from British Gas regarding a new boiler. The communications about the new boiler were not from British Gas Insurance Limited (they would have been from British Gas Services Limited, a separate legal entity) and so I can't address this aspect of the complaint as part of this decision.

My provisional decision

I intend to uphold this complaint and require British Gas Insurance Limited to pay Mr D the sum of £75 compensation for the distress and inconvenience caused by its handling of his policy."

Responses to my provisional decision

I invited both parties to respond to my provisional decision with any further information or

arguments they want considered.

British Gas has confirmed it agrees with my provisional decision and to pay the £75 compensation I provisionally awarded.

Mr D has also confirmed he accepts my provisional 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.

As neither party has provided any new evidence and they both accept my provisional decision, I see no reason to change my provisional findings.

My final decision

I uphold this complaint and require British Gas Insurance Limited to pay Mr D the sum of £75 compensation for the distress and inconvenience caused by its handling of his policy.

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

Harriet McCarthy
Ombudsman