

The complaint

Mr B complains that British Gas Services Limited increased the premium for his homecare policy when it renewed. The premium had gone down when Mr B bought a new boiler and he expected the cost to stay the same.

What happened

Mr B had a homecare agreement with British Gas. When he bought a new boiler it came with a five-year warranty. And his monthly charge was reduced from £18 to £6. But Mr B received a letter saying he had to renew the policy even though it'd increased considerably in price. That's not what he agreed to.

Mr B says he now has to pay for cover for something that has a five-year warranty. So he wants British Gas to return his monthly charge to £6.11 as originally agreed for the duration of his warranty period. And he wants compensation for being misled.

British Gas said the warranty provided cover for repairs to Mr B's central heating system, including his new boiler, for the first year. But after the first year the warranty only covered repairs to the boiler. So Mr B had added additional cover to his warranty for his central heating. And that was why the premium had increased.

Mr B wasn't satisfied with British Gas' response. So he contacted our service and our investigator looked into the matter. She could see Mr B's premiums had decreased when he'd bought the new boiler. But to continue the warranty Mr B would need to renew with British Gas and have the boiler serviced each year.

Our investigator could see Mr B had added additional cover for his central heating when he renewed the policy. And that was why the premium had increased. So she couldn't ask British Gas to refund the difference. Mr B had benefitted from the additional cover. His previous year's renewal was only lower because he'd had additional cover under the warranty for the first year. So she couldn't say British Gas had made an error on the premiums it'd charged Mr B. And she wouldn't ask it to do anything further.

Mr B didn't agree. So he's asked for an ombudsman's final decision. He'd only agreed to the new policy on the understanding that the underlying cover was the same. He had a new boiler still under warranty. And he'd asked British Gas to put things back to how they'd been. But there'd clearly been some miscommunication. He didn't want the additional central heating cover.

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.

I'm sorry to hear about the difficulties Mr B has been through. There seems to have been some confusion or miscommunication about the cover provided by Mr B's homecare policy.

So I've looked very carefully at everything that's happened to see if British Gas has done anything wrong – and if so what it needs to do to put things right.

When Mr B bought a new boiler it came with a five-year warranty. And Mr B's homecare premiums were reduced because repairs to the boiler were now free of charge for five years. The warranty also included free cover for repairs to the rest of the central heating system for the first year of the warranty. But after the first year only the boiler would continue to be covered by the warranty.

This meant Mr B's premiums added up to just under £80 for the first year. He was paying nothing for the boiler and central heating cover, and around £80 for plumbing and drains cover and home electrical cover.

Mr B was surprised when his premium increased to over £200 the following year. He had to renew the policy and carry out an annual service to maintain the warranty. But he'd expected the premium to stay the same.

The renewal letter British Gas sent to Mr B explained that, as the first year had now ended, only the boiler was still covered by the five-year warranty. The central heating was no longer covered. And the low renewal premium was only for the cost of the plumbing and electrical cover.

Although the central heating care had been included free of charge for the first year after the new boiler installation, it wasn't available free of charge for the second year onwards. So British Gas offered to carry out the annual boiler service for a cost of £6.50 per month, or to cover any repairs to his central heating system, and to include a boiler service, for £14 per month.

I understand Mr B contacted British Gas to discuss the cover and a top-up was added to include the central heating care. This was important as it maintained the cover for all of Mr B's central heating system – not just the new boiler. And it also included an annual service which needed to take place to maintain the warranty on the new boiler.

British Gas sent Mr B an updated renewal letter with the additional central heating care at a cost of £130 including the annual service. This increased the annual premium to just over £208.

I do appreciate how frustrating this has been for Mr B. But I think the renewal letter did make it clear the free central heating cover was coming to an end. And to maintain the warranty on his new boiler, Mr B would have to either pay for an annual service or add central heating care to protect his entire heating system. After Mr B spoke to British Gas the updated confirmation letter showed the level of cover now provided and the updated premium to reflect this.

I know Mr B wanted to maintain the same level of cover at the same cost. But the premium reduced when he bought the new boiler because the warranty provided free cover for both the new boiler (for five years) and for his central heating system (for one year only).

In the second year Mr B still wasn't paying for any cover for his new boiler – and that's right as it was still under warranty. But to cover the rest of his central heating system Mr B would have to take out additional cover through his homecare policy. And British Gas was entitled to determine an appropriate level of premium for that cover once it was no longer included free of charge in the warranty.

I've not seen anything to suggest British Gas has made a mistake in the level of premiums its charged. Its provided cover for Mr B's central heating system in case of any breakdown under the terms of the homecare policy. And the additional premium included the cost of the annual service Mr B needed to maintain the boiler warranty.

Mr B says he spoke to British Gas and asked them to remove the central heating cover. But I've looked at its system notes and I can't see any record of Mr B doing so. Unfortunately I can't confirm exactly what was said between the two parties. But British Gas are happy to alter Mr B's cover if he wishes.

I know Mr B will be disappointed with this outcome. But I can't say British Gas has acted unfairly. Mr B still enjoys a free warranty for his new boiler. But the free cover for the rest of his central heating system has now ended. I've not seen anything to suggest British Gas has made any errors when calculating the premiums for the level of cover its continued to provide to Mr B. So I can't uphold this complaint and I won't be asking British Gas to refund any premiums.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 August 2021.

Andrew Mason
Ombudsman