

The complaint

Ms P complains about British Gas Insurance Limited's (BG) failure to tell her about discounts available on her home emergency policy.

What happened

Ms P received her renewal notice in respect of her home emergency policy. She was unhappy about the level of increase and contacted BG. She told the agent that she was upset that the renewal notice, failed to disclose that she could've had a discount on the price quoted or apply an excess to bring down the cost of the premium.

BG said that the agent explained to Ms P that the renewal letters do state that a customer can contact BG to discuss options available to them. The agent then applied a discount, with a policy excess of £60, to Ms P's account. Ms P wasn't happy with this outcome as she said that there was no such information on the letters. So, she complained to BG.

In its final response, it said that each renewal letter was an invitation for customers to enter into a new annual contract. On each renewal, the proposed policy premium explained that there were discounts available including discounts with an excess charge.

It maintained that for several years BG had indicated that there was an excess option and that customers had the right to make changes on the policy, to ensure that it remained right for them. So, there was nothing further BG said it could do.

Ms P wasn't happy by this outcome and referred the it to this service. One of our investigators considered the complaint and ultimately didn't uphold it.

He found that BG had acted fairly. He said that it had explained the reasons why the premiums had been increased year by year. He also considered whether BG ought to have done more in making Ms P aware of any discounts. His view was that BG had shown that the premiums Ms P charged were fair and consistent with other customers. He concluded that the information found in the renewal letters, were in line with the industry requirements. So, there was nothing further he could reasonably ask BG to do.

BG accepted the findings. Ms P did not. She said that the investigator hadn't understood what her complaint was about. She maintained that the main issue of her complaint wasn't about the pricing that BG charged her, but that it didn't provide any details about options or discounts that might've been available to her. She felt that it was unfair, so she asked for a decision from an ombudsman.

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 considered the complaint and I thought the complaint shouldn't be upheld. I issued a provisional decision on 23 July 2021 and asked both parties to send me anything else by 22 August 2021. In my provisional decision I said:

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of the complaint.

Having done so, I'm minded to uphold this complaint and I'll explain why I've reached this decision.

I have been provided with Ms P's renewal letters from 2014 onwards. I have reviewed those and the policy documents and can see that Ms P had a home emergency policy with BG for several years. It should be noted that BG has confirmed that it only retains renewal notices going back six years.

Ms P's complaint as I understand it, is that BG didn't make it clear that she would be eligible for further discounts on her policy, that would've significantly reduced her premiums. She only discovered that she was eligible for those discounts if she contacted them to discuss any options that might've been available to her. Nowhere on her policy or any other documentation sent to her from BG was there mention of those discounts.

The renewal letters invited Ms P to enter into a new agreement each year and included details about the cost of the premium, the cover she previously had, terms offered and marketing material. But I can't see that there was any information that indicated that Ms P would be eligible for further additional discounts (except a direct debit discount or energy supplier discount) at all.

Industry rules require insurers to give policyholders enough information to make an informed decision. Ms P's position is that had she been fully informed that she could reduce the costs of her premiums by contacting BG during the renewal process, then she would've done so to access those discounts. But she wasn't given this information from BG and only discovered that she could've had a discount when she was proactive in contacting BG during the renewal of her policy in 2019.

The renewal letters from 2014 to 2018 did set out the options of cover that BG had to offer. But none specifically provided information about discounts that were specific to Ms P. In the renewal letter of 2018, BG indicated that Ms P could shop around for cover elsewhere, but again didn't provide information about what discounts she could access.

I asked BG when it had introduced offering policy excess discounts. Despite chasing for this information, BG hasn't responded to my request, so I've based my opinion on the information I have before me. I also asked BG why the information wasn't clearly provided to all customers. Again, BG didn't provide this information to me.

I have further considered the terms and conditions of the policy, schedule and renewal notices and I can't see that there is any indication in those documents that additional discounts would be available to customers.

Consequently, I don't think the information BG provided Ms P, made it clear she could potentially get a similar policy for less. There was no information that showed how any of the different options would've changed the price she paid. So, I don't think that BG provided Ms P with enough information for her to make an informed choice and I think it should put matters right.

To put matters right BG ought to refund the difference between what Ms P paid for the policy in 2014 and what she would've paid for it each year after this, had the policy excess discount been applied to her account. I have no doubt that this would've been a stressful event and I think that BG should pay compensation of £200, for the trouble and upset it caused.

Responses to my provisional decision

Ms P responded and said that:

- Delighted that her complaint was understood.
- BG made the discount information difficult to access, which was unacceptable.
- BG should be telling its customers in the renewal documentation that discounts are available.

BG responded and said:

- Its always offered an excess discount which customers are advised about when policies are first taken out.
- The excess discount applied to Ms P's premium reduced the amount. There was also a further policy discount applied.
- It provided information from a renewal notice indicating that products are available with or without an excess.

I have further considered both parties responses. Ms P said that renewal letters didn't indicate that discounts were available. I considered renewal letters from 2014 in view of BG only keeping records for around seven years. BG said that renewal notices indicated that products were available with or without an excess.

I have looked through the renewal notices and from 2016 onwards BG mentions that products are available with or without an excess (prior to that there was no mention of this).

But there is no information regarding other discounts that are also available, given that BG confirmed that Ms P did have an additional discount applied, as well as the policy excess. Nor was there any information that showed how any of the different options would've changed the price she paid. As industry rules require insurers to give policyholders enough information to make an informed decision, I don't think Ms P was fully informed that there were other discounts available to her.

In addition, BG agreed that it would be a '*great idea*' to be far more transparent regarding the possible different price options at renewal:

'I can confirm that I will be providing all appropriate feedback regarding the possible differing price options at renewal which would allow you as a customer to choose the appropriate level of cover, including the option of an excess which I agree would be a great idea and be far more transparent and in keeping with the modern working trends'.

Putting things right

So, taking all of this into consideration and to put matters right, BG ought to refund the difference between what Ms P paid for the policy in 2014 and what she would've paid for it each year after this, had the policy excess discount been applied to her account. I have no

doubt that this would've been a stressful event and I think that BG should pay compensation of £200, for the trouble and upset it caused.

My final decision

For the reasons given, I uphold Ms P's complaint.

To put matters right, British Gas Insurance Limited to:

Refund the difference between what Ms P paid for the policy in 2014 and what she would've paid for each year after this had the policy excess discount been applied to her account.

Pay compensation of £200 for the trouble and upset caused.

British Gas Insurance Limited must pay the compensation within 28 days of the date on which we tell it Ms P accepts my final decision. If it pays later than this, it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

If British Gas Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms P how much it's taken off. It should also give Ms P a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 8 September 2021.

Ayisha Savage
Ombudsman