

## **The complaint**

Mrs M complains that British Gas Services Limited mis-sold her an insurance policy for her kitchen appliances.

## **What happened**

In 2019, Mrs M took out a HomeCare policy online to cover multiple kitchen appliances in her home. She says she was asked to list what appliances she wanted to insure, but no further details – like make or model – were requested at that time.

In 2020, Mrs M's gas hob broke down. As this was one of the appliances she'd insured, she made a claim on her policy for it to be repaired. British Gas arranged for an engineer to attend, who inspected the hob and advised that it wasn't an appliance suitable for cover. Mrs M wasn't happy, so she made a complaint.

British Gas say the hob isn't service listed, so it isn't an appliance it's prepared to insure. It says it doesn't inspect appliances at the start of the policy and it's only when a claim is made that it can determine whether it's one it's able to cover. If it isn't, it will remove the appliance from the policy with a full refund of all payments made towards the cover for that appliance.

In Mrs M's case, British Gas offered to refund the annual cost of the policy in full, despite the fact that it covered other appliances and it had paid out two claims. It's also offered to pay £30 compensation for the inconvenience.

Mrs M didn't accept this outcome, so she brought her complaint to our service. Our investigator thought the policy had been mis-sold. But as British Gas had offered to refund the premiums paid for the policy, she felt Mrs M had been put back in the position she would've been in had the policy not been mis-sold. So she didn't think British Gas needed to take any further action.

Mrs M didn't agree. She says that had she been told at the outset her gas hob wasn't covered, she would've taken out a policy elsewhere which would've covered it. And she says by not properly approving the appliances during the sale process, British Gas has left her in a position whereby she has a broken gas hob that needs repairing and it's too late to take out alternative cover. So she doesn't agree that a refund of the policy premiums puts her back in the position she would've been in had the policy not been mis-sold.

As our investigator was unable to resolve things, the complaint was passed to me. And in July 2020, I issued a provisional decision, which said:

*"When selling the policy, British Gas should've provided enough information to Mrs M to enable her to make an informed decision about whether to buy. The information provided must be clear, fair and not misleading, and significant or unusual terms should be brought to her attention."*

*When taking out the insurance policy, Mrs M specified eight kitchen appliances she wanted to insure. These are listed on her policy schedule which she was sent along with the policy's key facts and the terms and conditions.*

*The policy information explains that it covers the cost of repairing the appliances, and a contribution towards a replacement if a repair isn't possible. But in the last section of the policy booklet, under the heading "cancelling your agreement", the policy says:*

*"When we can cancel:*

*We can cancel your agreement or product if...your boiler or appliance isn't on our approved list."*

*The policy defines "approved list" as "boilers, appliances or parts that we can repair or replace".*

*British Gas says that it doesn't determine whether the specified appliances are on its approved list until a claim is made. But I can't find anything within the welcome letter, policy schedule or key facts sent to Mrs M which makes that clear to her. And I would consider that to be a significant policy term given that it could mean Mrs M would be left without cover after a claim had been made. From the information I've seen, Mrs M was led to believe she was fully insured for her appliances.*

*I've asked British Gas to provide me with the information Mrs M would've seen online when taking out the policy. But it's been unable to do so. I've looked online but it appears British Gas is no longer selling this product via its website. So I'm not able to satisfy myself that this policy limitation was made adequately clear to Mrs M during the sale process.*

*British Gas has provided a screenshot of the appliance details Mrs M inputted online. It says Mrs M would've been prompted to input as much detail as possible about the appliances, but its systems show that she just put the name of the appliance. The detail description appears to have set to "default – default – 1 year old".*

*Mrs M denies being asked for any additional information when taking out the policy. And she says the screenshot provided by British Gas is factually incorrect because none of her appliances were only a year old at that time.*

*Whilst I can't be certain what information Mrs M input during the sale – because I can't see what questions she was asked and what information the website would've allowed her to input – I don't think it would've made any difference. I say this because British Gas has told us it doesn't determine whether the appliances are on its approved list until a claim is made. So had Mrs M disclosed the make and model of the gas hob, I'm persuaded the policy would've still been sold to her.*

*I've thought about whether British Gas provided clear, fair and non-misleading information during the sale of the HomeCare policy. And for the reasons set out above, I don't think it did. So I'm of the opinion the policy was mis-sold.*

## **Redress**

*Where I decide that a policy has been mis-sold, I need to consider what Mrs M would've done had she been given the correct information. If I think Mrs M wouldn't have taken out the insurance, I'd usually ask British Gas to refund the premiums in order to put her back in the position she would've been in had it not been sold to her.*

*But in this case, I don't think this approach goes far enough to put things right for Mrs M. I say this because I'm persuaded that had Mrs M been told her gas hob wasn't eligible for cover at the point of sale, she would've taken a policy out elsewhere. And she's provided us with details of a like for like policy that would cover this make and model hob for approximately the same annual premium.*

*As a result of the policy being mis-sold, Mrs M is left with a broken appliance that she can't make a claim for, so she's out of pocket. The refund of premiums doesn't cover the financial loss here, so I'm not persuaded she's been put back in the position she would've been in had the policy not been mis-sold.*

*As such, I'm inclined to uphold the complaint and direct British Gas to pay the claim. If Mrs M has already deposited the cheque for the refund of premiums, then British Gas may deduct this from any claim settlement. But if she hasn't, I would suggest British Gas cancel the cheque and retain the premiums.*

*If Mrs M has already paid for a repair or replacement, she should provide details of the costs along with evidence. In that case, British Gas should reimburse her in line with what she would've been covered for under the policy had the appliance been on the approved list.*

*And finally, I can see that this experience has caused Mrs M distress and inconvenience. She was left without a working hob for some time after paying for a policy that should've covered her. So I think it's fair for British Gas to increase its offer of compensation."*

### **Responses to my provisional decision**

Mrs M had no further comments or evidence for my consideration and has accepted my provisional decision. British Gas didn't respond.

### **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 had any further submissions for my consideration, I see no reason to deviate from the outcome explained in my provisional decision.

### **My final decision**

I uphold this complaint and direct British Gas Services Limited to pay the cost of the repair. If Mrs M has already paid for the repair, then it should reimburse her for that, together with simple interest at 8% per year\* from the date she paid it to the date it reimburses her.

If Mrs M has already deposited the cheque for the refund of premiums, then British Gas is entitled to deduct this from any claim settlement. But if she hasn't, British Gas can cancel the cheque and retain the premiums.

In addition, I award Mrs M compensation of £150 for the trouble and upset she's experienced as a result of being sold a policy that was unsuitable for her appliance. This is an additional £120 to what British Gas has already offered to pay.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 21 September 2021.

\*If British Gas considers that it's required by HM Revenue & Customs to deduct income tax

from that interest, it should tell Mrs M how much it's taken off. It should also give Mrs M a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Sheryl Sibley  
**Ombudsman**