

The complaint

Mr C complains British Gas Insurance Limited has mis-diagnosed an electrical fault and unfairly turned down his claim on his home emergency insurance policy.

What happened

In June 2020 Mr C called out British Gas under his home emergency insurance policy when his tenant reported the electrics had failed at a property Mr C rented out.

After two visits by British Gas, Mr C was advised a circuit needed to be re-wired. British Gas gave Mr C a quote for re-wiring that was just under £1,300 – so this was work it didn't think was covered by Mr C's policy.

Mr C says his tenant told him British Gas hadn't tested all the sockets in the property. So Mr C got a second opinion from an independent electrical engineer. Mr C says this engineer – who visited on the same day as British Gas' second engineer – not only identified a fault in a living room socket but also fixed it within an hour. Mr C then asked his engineer to prepare a report on the overall condition of the electrics at the property, which he did.

Mr C complained to British Gas saying it had misdiagnosed the fault. He wanted British Gas to refund his policy premium of £260, reimburse him for his engineer's costs to fix the fault and pay for the additional repairs to his electrics his engineer said were needed.

When Mr C didn't get a final answer from British Gas, he brought his complaint to us. The investigator who looked at it didn't uphold it. Mr C's policy only covered the property for domestic (not commercial) use and activities. It also excluded cover for pre-existing faults. Based on British Gas' records, our investigator thought the electrical fault was most likely caused by Mr C's tenant overloading the system by using commercial power tools as part of a business. He thought the faults identified in Mr C's electrician's report were most likely pre-existing. And he thought it was fair of British Gas to say re-wiring was needed.

Mr C disagreed and so his complaint came to me to decide. In my first provisional decision, I explained why I intended to uphold Mr C's complaint. British Gas didn't have any new information to respond to my first provisional decision. But Mr C gave us new information about additional costs he'd paid out to get his electrics fixed. So I needed to make a second provisional decision to look at this new information. British Gas says it has no comments to make on my second provisional decision. Mr C accepts it.

So Mr C's complaint 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, I've decided to uphold Mr C's complaint. I'll explain why.

From records British Gas has shown us, the first engineer who visited Mr C's property said he'd restored power to the upstairs but not to the ground floor. It seems he also said further work was needed. The second engineer who visited reported a damp corroded circuit that was beyond repair. He said the circuit needed to be re-wired and he quoted for this (this is the quote of around £1,300 I've already mentioned).

Internal notes British Gas has shown us say its engineer reported the tenant was running a cabinet spraying business from ground floor of the property and was using commercial power tools "*which have been overloading the circuits*". These notes also say damage to the circuits caused by overloading wasn't covered because Mr C's policy was a domestic (not a commercial) one. Other internal British Gas notes say the nature of what it calls the tenant's "*workshop*" "*remains unclear and requires further clarification*". I haven't seen any other clarification.

Mr C says he wasn't made aware British Gas thought the fault was caused by overloading from commercial power tools until after he brought his complaint to us. And he disputes it. He has a statement (given in March 2021) from his engineer – who (as I've said) visited the property on the same date as the second British Gas engineer. In it, Mr C's engineer says British Gas:

"are stating that the issue is caused due to an overload of the circuit, due to industrial equipment being used at the property. This could not be the case for the following reasons:

- 1. The equipment that the tenant was using when I attended the property was suitable for domestic use and was powered via a 13amp British Standard plug.*
- 2. The issue that the circuit is having is that of an Earth fault, not an overload. It is the RCD that is tripping, which indicates a fault to Earth, not an overloading issue of the individual circuit."*

This statement is backed up by Mr C's engineer's invoice – dated 16 June 2020 (the date of his visit). It includes a fee for investigating "*the RCD tripping issue*" at the property, as well as a fee for "*replacement of double socket front living room*".

And in his report on the condition of the electrics at the property which he gave on 25 June 2020, Mr C's engineer makes the following observations and recommendations, including in relation to the faulty RCD:

- "Living room. Socket window. Access to live parts.*
- Light in middle room. Cables not secure and access to live parts. There are also unidentified cables not terminated and stuffed into ceiling.*
- Kitchen - socket front and housing insecure. Access to live parts.*
- Faulty RCD. Will not reset once tripped, until all circuit MCB turned off and back on again.*
- Inspection Schedule Item 4.3: Condition of enclosure(s) in terms of IP rating etc (416.2) is recommended for improvement.*
- Inspection Schedule Item 4.4: Condition of enclosure(s) in terms of fire rating etc (421.1.201; 526.5) is recommended for improvement.*
- Inspection Schedule Item 5.17.3: Connections of live conductors adequately enclosed (526.5) is in a dangerous condition and presents risk of injury. Immediate remedial action is required.*
- Inspection Schedule Item 5.18: Condition of accessories including socket-outlets, switches and joint boxes (651.2(v)) is in a dangerous condition and presents risk of injury. Immediate remedial action is required."*

Mr C sent British Gas a copy of his engineer's report soon after he first made his complaint. And we've sent British Gas Mr C's engineer's more recent statement from March 2021, asking it to comment. British Gas has responded as follows:

"Whilst I appreciate the third party's opinion that it was suitable for domestic use, our engineer advised that as the property was not being used at that time for domestic use and therefore would not be covered under the policy. It could also be viewed that when Mr C had a third party attend the equipment being used at the time may have varied to our engineer's diagnosis.

When the engineer attended the quote was appropriate for what he seen [sic] as the circuit was beyond repair."

I am not an electrician but, having reviewed the information I have, I'm more persuaded by what Mr C's engineer says about what caused the fault than by what British Gas has said. Mr C's engineer's statement gives clear reasons for his view on what the fault was. And his earlier report is also clear and comprehensive on what he thinks needs to be done.

In contrast, British Gas hasn't given us much information to substantiate its claim Mr C's tenant was using industrial power tools or was overloading the system by using multiple tools. And I'd have thought it should be possible to use such tools in a domestic setting without breaking the electrics, otherwise repairs or building work couldn't be carried out on a residential house. British Gas' engineer's comments on what he saw at the property that led him to believe Mr C's tenant was using it commercially aren't detailed, and so I don't find them very persuasive. I also don't see how his comments about the electrics being overloaded fit in with what I think are his notes from the time saying that the circuit was damp beyond economic repair.

I don't think the information I have from British Gas is strong enough for me to conclude it's acted fairly and reasonably in turning down Mr C's claim. Its evidence that the electrical fault was caused by overloading by commercial power tools and so fell outside the scope of his domestic home emergency policy isn't strong. And British Gas has given very limited information to show the fault was pre-existing and so excluded from cover. In Mr C's case file, I can only find a reference to the engineer doing a test he says suggests "*a hidden junction box or spire wired circuit*" which he describes as "*a pre-existing design fault*". I don't know what this means or why it would be a pre-existing design fault.

Mr C wants British Gas to refund his policy premium, reimburse him for his engineer's costs to fix the fault and pay for the additional repairs to his electrics his engineer said were needed and that he's now had carried out.

I don't think it's fair and reasonable to direct British Gas to refund Mr C his policy premium. That's because he had cover on his home emergency insurance policy and British Gas was on risk for it. But I do think it's fair and reasonable to direct British Gas to pay the other costs Mr C has asked for, the specific details of which I set out in my second provisional decision and which British Gas has had the chance to comment on.

The experience Mr C has had with British Gas has been distressing and inconvenient for him. He describes feelings of "*immense frustration*" with British Gas' service. He's had to go the trouble of instructing his own engineer and he's had periods when British Gas hasn't communicated with him to keep him up to date on his claim. Because of this, I think it's fair and reasonable for British Gas to pay Mr C £100 for the distress and inconvenience it has caused him.

My final decision

For the reasons I've given here and as previously set out in my two provisional decisions on this complaint, I uphold Mr C's complaint and direct British Gas Insurance Limited to pay Mr C:

- £156 to reimburse him his electrician's costs from 16 June 2020.
- £144 to reimburse him the cost of his electrician's report of 25 June 2020.
- £80 to reimburse him his electrician's costs from March 2021.
- £1,160 to reimburse him his electrician's costs from May 2021.
- £100 for the distress and inconvenience it has caused him.

I also direct British Gas Insurance Limited to pay Mr C 8% simple interest per annum on the first four sums I've listed above from the date Mr C paid them to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 October 2021.

Jane Gallacher
Ombudsman