

## **The complaint**

Mr B and Mr C complain about British Gas Services Limited (“British Gas”) for failing to carry out annual services under their heating and appliance insurance. They think that this led to the boiler failing and needing to be replaced. They want British Gas to reimburse them for their replacement boiler and installation, to refund two years’ of their premiums, and to pay them compensation for their distress and inconvenience.

## **What happened**

Mr B and Mr C held heating and appliance cover with British Gas for a number of years.

Around 2018, it transpired that British Gas were writing to Mr B and Mr C at an incorrect address. They complained and were assured that the error had been corrected and that their address had been updated.

In October 2020, Mr B noted that it seemed a long time since the boiler had been serviced.

He contacted British Gas and learned that their renewal information and correspondence from British Gas had continued to go to the incorrect address.

Mr B and Mr C complained and suggested that a service to their boiler ought to be carried out as a priority.

British Gas had not yet sent its response to Mr B and Mr C’s complaint when, on 15 December 2020, their boiler stopped working.

Mr B contacted British Gas and arranged an appointment for 18 December 2020. During that call he was advised that a call out charge would apply.

Mr B then contacted a third-party engineer who was able to attend their home that same day.

The third-party engineer attended and inspected the boiler. He assessed that the sensors on the boiler were faulty, the gas valve was defective, and there was corrosion around the flue.

He considered that the boiler was beyond economic repair and needed to be replaced.

Mr B and Mr C engaged that same engineer to replace the boiler, at a cost of around £9600, in addition to the call out charge of £140.

On 16 December 2020, Mr B tried to cancel his British Gas appointment, and was advised that the appointment had not, in fact, been made.

On 20 December 2020, Mr B contacted British Gas to escalate his complaint, and added to their complaint that he felt that British Gas’s inaction and failure to service the boiler had led to its failure and subsequent replacement. He therefore wanted British Gas to reimburse the costs of their new boiler and reimburse the previous two years’ premiums.

Mr B and Mr D then referred their complaint to us.

British Gas subsequently responded, partially upholding Mr B and Mr D's complaint.

British Gas accepted that correspondence had continued to be sent to the incorrect address, and that their service had been overdue for more than a year. British Gas also accepted that there had been difficulties for customers contacting British Gas around the time when Mr B had tried to get in touch. British Gas therefore offered to refund the cost of the original boiler, which had been installed by British Gas 8 years previously, along with interest and £100 compensation.

British Gas declined to reimburse the cost of the new boiler as it argued it had not had the opportunity to repair or inspect the boiler and so could not be satisfied that it was necessary to replace the boiler.

Mr B and Mr D rejected this offer.

One of our investigators looked into this complaint and set out their views to the parties.

The investigator upheld the complaint and considered that British Gas needed to do more to put things right.

British Gas made some submissions and our investigator issued a second view. This view partially upheld Mr B and Mr C's complaint but considered that they had acted too quickly in engaging the third-party engineer before British Gas could attend. The investigator therefore said that British Gas ought to refund the original boiler cost (plus interest), refund the cost of the missed service, and pay £250 compensation.

The parties did not accept that view, so the complaint was passed for an ombudsman decision.

I have previously issued two provisional decisions in relation to this complaint. Firstly, in August 2021 and then in November 2021.

In these decisions I set out that I considered that Mr B and Mr C had missed out on two annual services due to British Gas not updating their address and not responding to their requests for a service. I therefore considered that British Gas should refund the value of these missed services (totalling £130).

I explained that I did not consider the response offered by British Gas to Mr B and Mr C's boiler breakdown to be reasonable, or within a reasonable time, as offered by their cover.

British Gas offered an initial call out to be arranged for three days after Mr B and Mr C contacted British Gas, which would then be followed by a wait to carry out repairs or (if required) replacement of the boiler. An alternative engineer in the area of Mr B and Mr C could attend immediately, and thereafter could carry out repair works promptly.

Given the time of year, the proximity to Christmas, and Mr B and Mr C's previous experiences of non-response or action when dealing with British Gas, I considered that it was a reasonable response to engage the third party engineer, both for the initial call out and then for the replacement of the boiler. This was then borne out when it became clear that British Gas had not, in fact, booked in the call out to inspect the boiler.

I therefore considered that British Gas ought to reimburse Mr B and Mr C for their costs relating to the replacement of the boiler (as this should have been carried out by British Gas), the costs of the call outs and missed visits, and also £250 compensation for their distress and inconvenience.

The parties responded to my provisional view, discussing what labour and parts costs related to the replacement of the boiler, and what costs were for additional or improvement / expansion services. There was no clear breakdown of which labour costs related to the replacement of the boiler and which did not, so in my most recent provisional decision I provisionally directed that the costs of labour be borne equally between Mr B and Mr C and British Gas.

That view has been shared with the parties and they have been invited to comment.

### **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.

Responding to my provisional decision, Mr B and Mr C provided information from their third-party engineer which set out that the entire job had taken around 48 man-hours of labour. Of this, the engineer confirmed that 10 hours related to the additional work (which would not have been covered by British Gas), and 38 hours related to the removal and replacement of the boiler (which I provisionally indicated that British Gas should cover). They therefore argue that the costs of labour should be attributed as £1954 payable by Mr B and Mr C, and £5721 payable by British Gas.

Those comments have been shared with British Gas and British Gas has provided detailed submissions.

British Gas argues that it should only pay:

- £130 for missed visits;
- £1379 for the boiler;
- £250 distress and inconvenience compensation; and
- £140 for the call out costs of the third party.

British Gas has submitted evidence of available parts which it says could have been replaced, rather than the boiler replaced, and argues that it has therefore demonstrated that it was not necessary to replace the boiler.

British Gas says that it therefore ought not to pay towards the labour costs.

I have considered all the evidence and the submissions put forward by the parties. In particular, I have considered British Gas's submissions that the annual services would not have prevented the breakdown, and that it is satisfied that it would have been able to repair the boiler because the parts referenced by the third-party continued to be available.

I accept that the annual services may well not have identified the issues which later developed, but I am not persuaded that British Gas can know that it could have repaired the boiler.

A third-party engineer confirmed that the boiler was beyond economic repair and advised that it was appropriate to replace it. British Gas has previously complained that it was not given the opportunity to inspect the boiler to dispute this and to form its own opinion of the boiler condition.

I previously indicated that I considered that British Gas lost its opportunity to inspect the boiler through its own delay, and I remain of that view.

British Gas considers that all labour costs should be borne by Mr B and Mr C as they chose to use the third-party rather than pursue British Gas. I do not agree. As I have previously set out, I think the cumulative effect of the actions of British Gas made Mr B and Mr C reasonably believe that British Gas would not restore their heating to them before Christmas of that year, or within a reasonable time.

I therefore think that British Gas should reimburse Mr B and Mr C for the labour costs which relate to work which ought to have been done by British Gas.

I note, however, that the information provided by Mr B and Mr C details other parts and materials, including an expansion vessel, which fall within the improvement works and ought not to be reimbursed. The evidence shows that the total labour costs were £6840 (including VAT).

On this basis, the cost of labour should be split as £1425 to be borne by Mr B and Mr C, and £5415 to be borne by British Gas.

Having considered all submissions and evidence submitted, I remain of the view set out in my provisional decisions. Consequently, I adopt these, as supplemented by this decision, as my final decision.

### **Putting things right**

In order to put things right, British Gas must:

- Pay to Mr B and Mr C £130 to represent the value of the two missed annual services;
- Pay to Mr B and Mr C £1925.63 to reimburse the cost of the boiler;
- Pay to Mr B and Mr C £5415 to reflect third-party engineer's labour costs;
- Pay to Mr B and Mr C £140 representing the call out charge of their third-party engineer;
- Deduct from the above total any excess which would have applied; and
- Pay to Mr B and Mr C £250 compensation for their distress and inconvenience.

### **My final decision**

For the reasons set out above, and for the reasons given in my provisional decisions, I uphold Mr B and Mr C's complaint and direct British Gas Services Limited to:

- Pay to Mr B and Mr C £130 to represent the value of the two missed annual services;
- Pay to Mr B and Mr C £1925.63 to reimburse the cost of the boiler;
- Pay to Mr B and Mr C £5415 to reflect third-party engineer's labour costs;
- Pay to Mr B and Mr C £140 representing the call out charge of their third-party engineer;
- Deduct from the above total any excess which would have applied; and
- Pay to Mr B and Mr C £250 compensation for their distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mr C to

accept or reject my decision before 6 January 2022.

Laura Garvin-Smith  
**Ombudsman**