

The complaint

Mr B complains about British Gas Services Limited's handling of two claims he made under his HomeCare Two policy.

What happened

Mr B has a HomeCare Two policy with British Gas that covers his boiler, controls and central heating including an annual service. About two years ago he replaced his thermostat with a 'Nest' thermostat.

In January 2020 Mr B contacted British Gas to report a lack of hot water. An engineer attended and said the only way to fix it was to flush the system for £1,200 (which would take 1.5 days) which Mr B decided to proceed with despite telling the engineer that he didn't think this would fix the problem. Mr B had asked the engineer to replace some pipework to the hot water cylinder which he thought would resolve the issue. Despite chasing British Gas on a number of occasions it was unable to schedule an engineer to flush the system as it was busy with winter call outs. It said it would call Mr B at a later date to schedule an appointment and suggested he contact a local engineer instead. Mr B contacted a local company in February 2020 which came out and replaced a section of piping to fix the issue for which Mr B paid £150. The local engineer told Mr B that the section of pipe it'd replaced had been totally blocked and that flushing the entire system wouldn't have resolved the problem.

Mr B contacted British Gas again in September 2020 because he was experiencing a problem with his Nest thermostat as it was only working on override. British Gas sent out an engineer who told him that the problem was with the Nest control which was an upgrade so wasn't something that was included or covered by his contract. British Gas told Mr B to contact Nest directly and that the issue would cost in the region of £150-£200 for Nest to resolve.

Mr B then spent some time investigating the issue himself and then contacted British Gas again to schedule an engineer visit. Mr B was of the view that the fault wasn't with the Nest control box but rather the 2 Port Motorised Valve. The engineer attended and told Mr B that he didn't think it would resolve the issue but he replaced the valve anyway and, in so doing, resolved the problem.

Mr B then reviewed his HomeCare Two terms and conditions. He noted that they stated that controls were covered by his contract and that there was no exclusion for a Nest smart device. Mr B called British Gas at the start of October 2020 and queried whether his Nest thermostat was covered by his contract. Mr B told British Gas that he thought it was covered so it should pay him £150 for the time he took investigating the issue.

British Gas called Mr B back to discuss his concerns. He complained to British Gas that he felt let down and that he thought it'd breached its contract with him. Mr B said that nowhere did it say in the terms and conditions that upgraded heating controls weren't covered. Mr B also complained about British Gas's failure to call him back about the hot water issue he was having in January 2020. British Gas apologised to him and said it didn't have an available

engineer in January because this was its busy period so it couldn't attend for upgrade chargeable work. Mr B said that whilst he initially wanted compensation of £150 he now wanted a full refund of his annual policy premium. British Gas said it couldn't agree to that but did say it'd look into matters further.

British Gas thought the Nest wasn't covered and that as it was making the motorised zone valve work when it was manually overridden that indicated there was an issue with the Nest and not the valve because if the valve was broken it wouldn't have worked at all. But, it noted, the zone valve was changed under the HomeCare contract at the end of September. British Gas called Mr B again to tell him what it'd found out but Mr B disagreed. He said that if he'd not taken the time to investigate the issue he'd have been £150-£200 out of pocket. So, he said, he wanted £150 as a gesture of goodwill for the time he'd had to spend on diagnosing the issue. British Gas said that it couldn't authorise £150 because he wasn't out of pocket for such an amount. It said, as a good will gesture, it could offer him £80.

British Gas issued its final response to Mr B's complaint at the start of January 2021. It said it didn't think the engineer had been wrong not to replace the valve on the first visit because he was able to confirm the Nest was working it when manually operated. It also said that the Nest was an upgrade so wasn't covered by his policy and the valve had been replaced as a gesture of goodwill because it wasn't faulty. British Gas said it couldn't pay him £200 for the cost of a Nest call out but the offer of £80 remained in recognition of the impact on his time and the distress caused.

Unhappy with the outcome of his complaint to British Gas, Mr B complained to this service. Our investigator looked into his complaint but didn't recommend that it was upheld. He said that any chargeable remedial work – such as the system flush – didn't form part of the insurance contract section of his HomeCare policy and, as such, fell outside the jurisdiction of this service. He thought the offer of £80 compensation and the replacement of the valve as a goodwill gesture was a fair and reasonable response by British Gas so he didn't think it'd done anything wrong.

Mr B disagreed with our investigator's findings. He said:

- The Nest wasn't an upgrade, it was a direct replacement for the original thermostat
- That he'd had to manually override the Nest but it wasn't faulty as it was calling for heat on the heating circuit correctly – it was the 2 Port Motorised Valve that wasn't working
- The replacement of the 2 Port Motorised Valve wasn't a goodwill gesture because it was covered under his contract
- That the Nest thermostat is just an electronic programmer and thermostat which wasn't excluded under any terms and conditions in the policy that he could see.

The complaint was passed to me for a 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.

Mr B has a HomeCare Two policy. That's an insurance product. I can see from the policy terms and conditions that all insurance products include 'parts and labour' and an 'unlimited number of repairs'. HomeCare Two provides cover for boilers, controls and central heating on a service and repair basis.

Certain terms are defined in the policy. It says, *'central heating' is 'the heat and hot water system on your property including expansion tank, radiators, bypass and radiator valve, system filters, warm air vents, cylinders, any immersion heater and its wired in timer switch and the pipes that serve them'*.

Mr B has provided us and British Gas with photographs of the repaired section of piping (that was blocked) which fed into his hot water cylinder. He had this repair undertaken in February 2020. His policy provides him for parts, labour and repairs to his central heating system of which the repaired pipe is part. Unfortunately for Mr B though there is a specific policy exclusion for this section of cover. That says: *'what's not covered...damage caused by limescale, sludge, or other debris – if we've told you before that you need to carry out ...a British Gas Powerflush, or a similar process, but you haven't done so'*. 'Sludge' is defined in the policy as *'the natural build-up of deposits in your boiler or central heating system as it corrodes over time'*.

British Gas told Mr B that he needed to carry out a power flush before he undertook the repair himself. I appreciate that he was unable to avail himself of that service due to a lack of engineers but the policy terms state that damage caused by limescale or sludge, which it is reasonable to assume was what this blockage was, isn't covered if the policyholder has been told by British Gas that a power flush is needed. So I don't think that British Gas unreasonably declined to cover the cost Mr B incurred in engaging his own plumber to replace a section of his pipework.

And I can't look at his complaint about British Gas's failure to call him back and arrange the power flush because any chargeable work completed or considered doesn't form part of the insurance contract between Mr B and British Gas. Not all complaints that are brought to this service are ones we are able to look at and, unfortunately, as the provision of chargeable work isn't a 'regulated activity' it isn't something that falls within the jurisdiction of this service.

Turning now to Mr B's second complaint that British Gas has told him that as his Nest is an upgrade, it isn't covered by his HomeCare Two policy and that it should pay him £150 for the time he invested in resolving the override issue.

The HomeCare Two policy defines *'boiler and controls'* as *'a single natural gas or Liquid Petroleum Gas boiler...on your property...as well as the flue and controls that make it work including the programmer, any thermostats, motorised zone valves and central heating pump'*. And the policy covers: *'All repairs to:...the controls that make the boiler work including the programmer, any thermostats, motorised zone valves and central heating pump'*. So, it appears, on first glance, that the thermostat is covered.

However, the policy contains a general exclusion which states: *'Communication connections: We're not responsible for your internet connection nor the data transmission to, or from any boiler, appliance, device or control system and we're not responsible for repairing or replacing any network hub, smart speaker or voice controlled equipment or any smart functionality, for example, connectivity to or from your thermostat...'*

A quick internet search reveals that a Nest is an electronic, programmable, self-learning thermostat that optimises heating and cooling of homes; a smart device. The Nest has smart functionality and I think that it's clear from the exclusion I've set out in the above paragraph that British Gas is excluding any smart device, such as a Nest, from cover under the policy for service or repair. So, whilst I appreciate it will come as a disappointment to Mr B, I don't think his policy covers his Nest because it includes the exclusion above.

I'm unable to agree with British Gas though that the Nest isn't covered because it's an upgrade. The Nest isn't covered because of the exclusion I mentioned above.

The policy doesn't exclude cover for upgraded elements of a boiler, its controls or the central heating system. That would mean that if a policyholder replaced any part, and that part was an upgraded version of the part being replaced, it wouldn't be covered. But the upgrade exclusion doesn't state that. It says any repair doesn't include *providing* upgraded parts as *part of a repair*. That's not the same as not covering some part of the system a policyholder has themselves elected to upgrade (unless, like a smart thermostat that upgrade is excluded from cover elsewhere in the policy).

Mr B's policy provides cover for repairs to the boiler and its controls, of which motorised zone valves are part. But British Gas has said it replaced the motorised zone valve as a gesture of goodwill because, in its engineer's opinion, it didn't need repairing because there was nothing wrong with it. So, whilst I agree with Mr B that his policy does cover him for the repair or replacement of his motorised zone valve, under the policy terms, it must first be faulty or have broken down. It's for this reason that British Gas has said it's replaced it as a gesture of goodwill and I don't think that was an unreasonable position for it to take.

Just because Mr B might have incurred £150-£200 call out charge if he'd contacted Nest about the heating override issue doesn't mean British Gas is liable for that amount. Fortunately Mr B didn't incur that fee and has suffered no such loss. I can't fairly make British Gas pay for something that Mr B wasn't actually charged for. That would be unreasonable.

Similarly, we don't make awards for time invested in resolving a claim. All insurance claims attract a certain amount of inconvenience, that's to be expected. But where an insurer, through its words or deeds makes an already stressful situation avoidably worse, we can award compensation for the additional distress and inconvenience caused. Here I can see that Mr B was caused some inconvenience by working out himself where the fault lay and getting the engineer to return. But I think that the compensation of £80 that he's already received from British Gas fairly compensates him for the additional inconvenience he was put. I'm satisfied that the amount of £80 is fair and reasonable in all the circumstances of this complaint and is in line with awards this service has made in similar complaints. I don't propose to make British Gas pay any more.

My final decision

My final decision is that I don't to 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 31 December 2021.

Claire Woollerson
Ombudsman