

The complaint

Mr V is unhappy with the settlement British Gas Insurance Limited (BG) offered for the replacement pipes and labour costs after he experienced blocked drains.

What happened

Mr V had Home Emergency cover with BG. This service upheld an earlier complaint about the way BG handled his claim after he suffered a drain blockage and he arranged the repairs himself. The decision was that BG should pay Mr V what it would've cost it to repair the drains plus £100 compensation, which Mr V accepted. BG confirmed it would've cost £733.

However, Mr V now complains that BG didn't make a fair offer. He heard from local professionals that the work would've cost significantly more. BG responded to his complaint to say it had calculated the settlement in line with its own costs and it hadn't seen any evidence that further work was needed.

BG agreed to visit Mr V's home to measure the replaced pipework. Having done so, BG agreed its measurements were too short and offered Mr V a further £70.86 plus VAT to account for the extra length of pipework. Mr V didn't think BG had offered enough. He said the access and re-routing work would've cost significantly more, running into thousands of pounds.

Our investigator upheld Mr V's complaint. She thought BG's offer to pay for the additional pipework identified in its visit, but not the re-routing work, was fair. But she didn't think BG had treated Mr V fairly when he first raised the issue of the inaccurate measurements used to calculate the settlement offer. Our investigator recommended that BG pay Mr V the additional £70.86 plus interest, and a further £100 compensation by way of apology for the service shortfalls.

Mr V didn't agree. He understood that the re-routing work wasn't covered under the policy, but he felt the trace and access costs should be provided. That's because BG proposed to tunnel through the kitchen floor taking the same and more direct route of the older drainage, which would've incurred greater costs.

The complaint was passed to me to decide.

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've decided to uphold Mr V's complaint, but I won't be asking BG to do any more than our investigator proposed. I'll explain.

While I won't revisit the details of Mr V's earlier complaint, I may reference it, where appropriate, to explain the reasons for my decision here.

The outcome of the first complaint I dealt with for Mr V required BG to pay what it would've cost it to complete the repair. BG provided the figure based on Mr V's estimate of the drainage replaced, and I had no reason to doubt the accuracy of the figures.

The issue now is that Mr V doesn't think the measurements and, therefore, the costing was accurate. When he complained to BG, it said the settlement was what had been agreed. To be clear, my first decision was about BG's handling of Mr V's claim; not the accuracy of the settlement figure.

I can see why BG would've thought the matter should be settled, but when Mr V complained that the measurements weren't correct I think it should've done more than it did. After Mr V brought this complaint to our service, BG visited his home to take measurements. It calculated that the replaced pipework was 0.9 metres longer than that upon which it had based its original settlement figure.

Because BG used Mr V's estimate of around 3 metres to calculate its original offer, I don't think its settlement offer was unreasonable. And I see that it offered Mr V a further £70.86 plus VAT to account for the additional 0.9 metres once it confirmed the work done was more than previously believed. I think that's fair. But, Mr V doesn't think the amount is fair or a realistic representation of the amount it would've cost to do the work.

Looking at the plan of Mr V's drainage, I can see that BG measured the section of pipework which was the subject of Mr V's original claim. At that time, he asked for the pipework to be re-routed, which BG confirmed wasn't covered under his policy. When Mr V arranged the work himself, it seems he had other work done at the same time, including the re-routing work. So, I've thought about the cost of the work Mr V is expecting BG to pay for. I know he understands that the re-routing work isn't covered, but the description of work done, such as the length of pipework purchased, seems to include the re-routing work. As BG can't be certain which parts of the drainage needed to be repaired or replaced, I can't say that it was unreasonable to pay for the cost only of the pipework it had previously been asked to unblock or replace. So, overall, I'm satisfied that BG's offer to increase its settlement by the cost of the additional 0.9 metres is reasonable.

I understand Mr V doesn't think BG could've done the work for the amount it offered and he's basing that opinion on local professionals telling him it would've cost more. However, as BG can only estimate based on the information it has, and it's not clear how much of the work was needed rather than preferred by Mr V, I have no reason to doubt that BG's offer accurately reflects its own costs.

More recently, Mr V said BG hasn't considered the policy cover for trace and access. He points out that BG would've dug through his kitchen floor to repair or replace the pipework, and his policy provides £1,000 for the trace and access costs. The issue here is that BG didn't dig through Mr V's floor. He employed someone to tunnel under his property to complete the repairs, so I'd only expect BG to pay what it would've cost it to do the same work. Therefore, I won't be asking BG to pay for the cost of trace and access work which wasn't done.

With all this said, I don't think BG responded reasonably when Mr V raised concerns about the length of pipework covered by its settlement offer. While it originally used Mr V's estimates to calculate the cost, I think it could've done more when he said he didn't think the measurement was correct. Although it did eventually send someone out to take measurements, it could've done so sooner. Considering this avoidable delay, I'm satisfied that compensation of £100 is warranted. I also think it's fair that BG pays interest on the additional £70 plus VAT cost because Mr V would've received it sooner had BG acted promptly to his concerns.

In summary, I think BG reasonably offered to cover the cost only of the additional short piece of pipework not factored into its original calculation. But it could've better handled Mr V's concerns about the actual measurements, and for that I'm satisfied that compensation is warranted.

My final decision

For the reasons given above, my final decision is that I uphold the complaint and British Gas Insurance Limited must:

- pay the additional £70.86 plus VAT, if it hasn't already done so;
- pay 8% simple interest* per annum on the additional payment, calculated from the date it paid the original settlement to the date it makes the additional payment, and
- pay £100 compensation for the avoidable delays and inconvenience Mr V experienced of having to raise a complaint again to get the settlement figure corrected.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 10 February 2022.

Debra Vaughan
Ombudsman