

The complaint

Mr E is unhappy about British Gas Insurance Limited declining his claim under his HomeCare Two policy. This policy covers the boiler, controls and the central heating.

What happened

Mr E's radiators weren't functioning correctly, so he contacted BG and asked it to arrange a repair. BG's engineer inspected and found the system was suffering from a build up of sludge. This had happened over a period of time and was affecting the radiators. BG confirmed sludge isn't covered under the policy. BG also said normally it would offer to charge Mr E for a power flush to clear the system. But due to the pipework being "nonbarrier" it wouldn't be suitable. BG said the central heating system should be re-piped and the boiler replaced. BG said this isn't covered by the policy and Mr E would have to pay for it.

Mr E wasn't happy with this. He said he wasn't aware that sludge was building up as BG hadn't mentioned this on previous visits or during services. He also said BG should have told him on previous occasions that his pipework was non-barrier, and this meant his existing policy was unsuitable for him. He said BG should deal with his claim.

Mr E is also unhappy that another BG engineer on a previous visit hadn't added corrosion inhibitor to the system. Mr E said he knows this because he found no inhibitor when he himself removed water from a radiator. Mr E feels this contributed to why the system ended up with sludge in it and why he had to make a claim.

BG reconsidered and offered to change the policy from the HomeCare Two to a HomeCare One policy. It also offered to refund the difference in premiums for the existing policy year. Mr E didn't accept this, he said the refund should go right back to 2016 when he first took out the policy.

Our investigator upheld the complaint. She said BG reasonably declined the claim in line with the policy wording. The policy refers to not covering pre-existing faults when the policy was first taken out. She said it's clear the piping in Mr E's system wasn't suitable for this type of cover.

In terms of changing the policy to HomeCare One, our investigator agreed with Mr E. She accepted that a BG sales adviser had said in 2018 that to fit a new boiler Mr E would need to change all the non-barrier pipework too. She felt this meant BG was aware of the issue from that point and should have changed the policy to a HomeCare One policy at that time. Regarding the corrosion inhibitor our investigator felt BG had acted reasonably. She said the records showed no signs of any issues with sludge previously and that inhibitor had been added to the system at the right time based on the records from BG.

Our investigator said BG was right to offer to refund the difference between 'HomeCare One' and 'HomeCare Two' for the policy year of 2020/21. But she didn't think that was enough she also recommended BG should refund 50% of the difference between both the two cover types for the policy years of 2018/19 and 2019/20. Our investigator said this was because

Mr E had benefitted from certain sections of the policy cover including the annual service of the radiators and replacement of valves. Our investigator also felt this had caused some distress and inconvenience to Mr E. She said BG should pay £50 as compensation for this.

BG didn't accept this and asked for the case to be passed to an ombudsman for a final decision.

In my recent provisional decision I said:

"I'll deal with each area of complaint under separate headings.

Declined claim

The policy terms and conditions say that any pre-existing faults are not covered if they:

"Existed when you first took out the product or;

We couldn't reasonably have been expected to know about before"

BG say they were unaware before that Mr E's pipes were non-barrier. Mr E disputes this. He said BG should have noticed this when it first visited. He also pointed out that a BG sales adviser knew this from 2018 when trying to sell him a new boiler.

BG said the initial engineer inspects the boiler and visually inspects the central heating system. It said most of the pipework in Mr E's house is hidden. BG said "There are small tails of plastic pipe going to each radiator sticking out of the wall. There are no obvious markings on the pipe to identify that it is 'non barrier' and there would be a requirement for the radiator valves to be removed to physically inspect the pipework internals, this would require draining the system and is not something that we would do on a First Visit."

BG also said that the sales adviser works for a different part of the business that isn't linked to the insurance policy area. BG said they don't share the same systems. I can understand that. But to Mr E I can also see that it's all part of BG and he'd expect the different parts of the business to be joined up.

I think the further evidence from BG was helpful in this case. It said "When the service engineer has attended in June 2020. he has identified that the pipework is 'non barrier', he did not have to carry out checks, because he already had knowledge of this particular housing estate which all had 'non barrier' pipework installed when they were built."

BG continued "In normal circumstances, the service engineer would have recommended a power flush to remove the suspected blockages in the system. However, because it has been identified as 'non barrier' pipework at this visit, a power flush is not recommended. 'Non-barrier' pipework is weaker than normal pipework, a power flush uses pressurised water and it is likely that this would cause the pipes to leak."

On balance I accept what BG said about why the pipework wasn't noticed at first visit and what it would have needed to do to find that out. I also accept that the boiler sales team might not be linked up with the insurance part of the business, even though I can understand why Mr E thought it should be. I think the evidence that the engineer had personal knowledge of the estate was helpful. Based on the policy wording, details and evidence provided I think it's reasonable that BG declined to deal with the claim. It is clear the pipework was in place before the cover started.

Change from HomeCare two to HomeCare one

In view of the changes needed BG offered to move Mr E to a product that was more suitable. This was based on the non-barrier pipework. It offered to refund him the premium difference for the existing policy year as the policy couldn't do what Mr E wanted it to. BG said it wouldn't extend the refund beyond that period as the policy had been used in previous years. BG said Mr E had benefitted from the central heating cover in both the 2018/19 and 2019/20 policy years. BG said twice in 2018 the system was drained, and pumps and valves were replaced. In 2019 it said a leaking valve to a radiator had been replaced. As it is clear Mr E has been able to use the HomeCare Two policy in the past, I think BG offering to refund him for the existing policy back to the last renewal is fair.

Mr E thinks he ought to get a refund right back to the start of the policy and I understand that. But I think from the details provided by BG the policy had been used up to HomeCare Two level in the previous years and so I think BG's offer is reasonable.

Based on what BG said it appears none of the actual works undertaken by BG under the policy led it to realise the pipes were non-barrier. So previously it didn't know Mr E's level of cover needed to change to HomeCare One.

Corrosion inhibitor

Mr E said when he checked his radiators BG hadn't put any inhibitor into the system when it was supposed to. Mr E thinks that made the sludge worse. BG said "A visual inspection of a radiator would not be possible to determine whether inhibitor had been added to a system. There would be a requirement for an inhibitor test kit to be able to check the level of inhibitor in the system." The written service records from BG said that inhibitor was added to the system. Based on these details I don't think it shows that BG did anything wrong.

Compensation

As I don't think BG did anything wrong it follows that I don't think it needs to compensate Mr E. I think BG's offer to refund the premium and backdate HomeCare One cover to the last renewal date is fair and reasonable."

Responses to my provisional decision

Mr E responded and his main points were:

- He didn't think his points had been taken into full consideration.
- The piping can be clearly seen as grey rather than white plastic which signifies the difference between plastic and "proper" piping.
- BG has completed some work on the central heating and replaced two leaking radiators in line with the homecare two policy he wants to continue this whilst awaiting the final decision, as long as BG continues to honour the replacement of leaking radiators if needed.
- He wants BG to visit and install corrosion inhibitor in his central heating as he said it should have been done when BG fitted replacement radiators.
- He wants to stop his case at this stage but if BG didn't follow through, he will start a new complaint.

These comments were passed on to BG who responded, and its comments were relayed to Mr E. BG's main points were:

- Regarding the piping in the property has already been discussed and its position hasn't

changed.

- Regarding Mr E's thoughts on closing the complaint. If Mr E wishes to continue with central heating cover, British Gas are more than happy to provide it to him subject to all of the terms and conditions, the full terms and conditions from BG's response have been forwarded to Mr E.
- The policy does not provide for inhibitor to be added to the system, if Mr E wished for this to be completed it would be a chargeable job in line with the terms and conditions.
- BG can provide a quote to Mr E for inhibitor to be added to the central heating system, but this is not recommended in his case. Due to the blockages in the pipework it would not be recommended to add inhibitor into the system because it will not do anything.
- The only way for the central heating system to perform fully would be for a re-pipe, which is an upgrade job and not part of the policy.
- Mr E's comments regarding the inhibitor are a new complaint point and not part of his initial complaint. But to speed the process up rather than start a new complaint BG have considered this now and are happy for the ombudsman to include an outcome within the decision. BG said for the reasons stated above, BG are not liable for adding inhibitor into a central heating system.

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.

Although there was some further discussion between our investigator and Mr E, I'm not entirely clear about whether or not Mr E was going to resolve the matter informally with BG or if he did want a final decision. So, for ease and clarity I've done the final decision, so all parties know where they are.

I think Mr E's response to the provisional decision rather developed his original complaint. But I can confirm that all his original complaint points have been considered by me even if he doesn't feel I've given them enough or particular attention.

I don't see anything raised in response from either party to make me change my provisional decision.

I appreciate BG accepting the extra point about it coming back to add inhibitor and I accept it's answer that it isn't liable. I think that's reasonable.

My final decision

I don't uphold this complaint.

I make no further award against British Gas Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 24 March 2022.

John Quinlan
Ombudsman