

The complaint

Mr K complains about the way British Gas Insurance Limited handled a claim he made under his home emergency insurance policy.

What happened

Mr K had a HomeCare policy with British Gas that covered him for repairs to his central heating system. During an annual service in April 2021 the British Gas engineer identified a gas leak. They suspected the leak was coming from a gas pipe under the floor and this was confirmed later the same day when the pipe was disconnected and capped while waiting for it to be fixed. The engineer told Mr K there was no protection around the pipe and the repair was unlikely to be covered under the terms and conditions of his policy. British Gas quoted about £1,100 to repair the gas pipe and Mr K agreed to pay for the repair as he said his wife was disabled and they couldn't be without hot water or heating. But he complained as he thought British Gas should cover the cost of the repair.

British Gas maintained its decision. It said the cost of the repair wasn't covered under Mr K's policy because it was a pre-existing fault that it couldn't reasonably have been expected to know about before he bought the policy. Mr K wasn't happy with this response and brought his complaint to this service. He thought British Gas should have told him before he agreed to the repair that he wouldn't be covered. He could then have used a local gas engineer who would have been cheaper. He also thought British Gas should have made him aware earlier that his gas pipe might not have been sufficiently protected.

Our investigator didn't think British Gas had acted fairly. He didn't think it was fair for British Gas to say there was a pre-existing fault with the gas supply pipe. He also thought British Gas should have identified the fault on previous visits to Mr K's property and told him that the gas supply pipe wasn't sufficiently protected.

British Gas didn't agree with the investigator's findings and so Mr K's complaint has been passed to me to make a final decision. It said it had no reason to look where the gas pipe entered the ground during its previous visits to his property. And it had only identified the pipe was unprotected when it became necessary to check it. British Gas also didn't think it was reasonable to suggest it points out every exclusion to its customers when they buy a policy.

I came to a different conclusion from that reached by the investigator and so sent a provisional decision to Mr K and British Gas to give them an opportunity to comment. British Gas had nothing to add while Mr K didn't reply. So, my findings and decision below are substantially the same as set out in my provisional 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 not to uphold Mr K's complaint. I know this will be

disappointing for him to hear, so let me explain why.

The terms and conditions of Mr K's policy includes the following:

Pre-existing faults

Your products don't include cover for any faults or design faults that:

- were already there when your boiler, appliance or system was installed;*
- existed when you first took out the product;*
- we've told you about before and you haven't fixed, or, if the work has been completed by a third party, where work, in our opinion, has not been completed to a satisfactory standard;*
- we couldn't reasonably have been expected to know about before, for example, faulty pipes that don't have the correct protection, or which are buried under concrete floors; or*
- prevent access because a part of your system has been permanently built over.*

British Gas highlighted the first, second and fourth bullet points. It said pre-existing faults aren't covered under Mr K's policy and pointed out that his policy specifically excludes faults or design faults it couldn't reasonably be expected to know about, like faulty pipes that don't have the correct protection, or which are buried under concrete floors.

There doesn't seem to be any dispute about the cause of Mr K's gas leak. His gas supply pipe was unprotected and buried under a concrete floor. British Gas has said its aware that many homes in the UK will have unprotected steel pipes buried in concrete floors. It said that concrete can corrode steel pipes that aren't lagged (protected), although it will take a while and the chance of it happening is low. So, it's not inevitable that steel pipes will corrode sufficiently to cause problems. But it is a known fault and it would seem it was this fault that led to the gas leak in Mr K's property.

Our investigator thought it was unfair for British Gas to suggest the fault was a pre-existing one as the unprotected pipe would presumably have met building regulations at the time Mr K's property was built in the 1990s. So, it would be unfair to say it was a fault at the time. I don't disagree with that. But I don't agree this precludes British Gas from saying the fault with Mr K's gas supply pipe was a pre-existing one.

Each time Mr K renewed his policy with British Gas he was essentially renewing his contract of insurance. So, the events of April 2021 were covered by the policy he agreed with British Gas in December 2020. And I think it's reasonable for British Gas to decide what to insure and what not to insure when its renewing its contract of insurance each year, as long as it sets out clearly the terms of the contract on each occasion.

There's no dispute that the terms and conditions of Mr K's policy specifically excludes faults or design faults that were already there when his policy was installed and/or when he first took out the insurance. And I think it's clear from the fourth bullet point that unprotected pipes or those which are buried under concrete floors are seen as a fault. So, I think it was reasonable for British Gas to say Mr K's unprotected supply pipe was a pre-existing design fault, i.e. one that was there when the system was installed (even if it wasn't seen as a fault at the time of installation).

Mr K believes British Gas should have made him aware that his pipes might not have the right protection beforehand so action could have been taken to prevent the leak. Our investigator agreed. He thought the engineer had discovered the cause of the leak easily enough and it was therefore reasonable to have expected British Gas to have known about

the fault beforehand. But I don't agree. Let me explain.

British Gas's engineer went to Mr K's property in April 2021 to carry out an annual service. They noted that the boiler was fine but the gas pressure couldn't hold the desired reading. They detected gas in and around the cabinet under the boiler in the kitchen. And as the connections were good, they assumed the leak was coming from the gas pipe under the floor. They turned the gas off and arranged for a company who specialise in gas leaks to investigate. That company confirmed the leak was coming from the gas pipe under the floor and disconnected it until it could be fixed.

So, there was a chain of events that led British Gas to identify the fault in the gas pipe. The engineer knew there was a gas leak because of the lack of pressure and because they detected gas. That prompted them to investigate further and they then noticed the pipe wasn't protected and assumed the leak was likely to be due to the steel pipe corroding and causing the fault. That assumption was then confirmed by the company specialising in gas leaks. Looking at this chain of events, I'm not persuaded it was reasonable for British Gas to have identified the fault in the gas pipe before the gas leak. I think it was the loss of pressure and the detection of gas that prompted the investigation and the detection of the likely cause of the leak.

And so, taking everything together, I think it's reasonable for British Gas to rely on the '*pre-existing fault*' exclusion in Mr K's policy when declining to pay for the repair of the gas supply pipe.

Mr K also complained that British Gas should have told him sooner that the repair wouldn't be covered under this policy. He could then have asked a local engineer to repair the pipe and that would have been cheaper. But the evidence suggests Mr K was aware the repair was unlikely to be covered under his policy on the same day the engineer attended. And as the repair works were completed about two weeks later, I think he had enough time to ask a third-party engineer to carry out the work had he chosen to do so.

I'm sorry to hear about the problems Mr K has experienced but I don't think British Gas has treated him unfairly.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 July 2022.

Richard Walker
Ombudsman