

The complaint

Mr M says he was mis-sold a policy by British Gas Services Limited (British Gas) because it says his hot water cylinder isn't included in the annual service offered under his home emergency policy.

What happened

Mr M noticed that the section entitled, "*hot water cylinder*" was crossed-off in the latest report provided by a British Gas engineer. He queried this and was told this type of cylinder (a pressurised cylinder) wasn't covered under his policy. Mr M says this meant his hot water cylinder hadn't been serviced, which invalidated his warranty and home insurance policy. He says he isn't happy paying for a service that wasn't provided and for the potential knock-on effects.

In its response to Mr M's complaint British Gas says the policy doesn't include servicing of pressurised cylinders.

Mr M says this isn't stated in his policy terms. He says the diagrams, policy definitions and policy terms all indicate the cylinder should be serviced. He referred his complaint to our service for an independent review. Our investigator didn't uphold his complaint. Although he noted Mr M's reference to the diagram in the policy booklet, he didn't think the policy terms provided for an annual service of the hot water cylinder.

Mr M disputed his findings, but our investigator didn't change his mind. Mr M asked for an ombudsman to review his complaint.

It has been passed to me to decide.

I issued a provisional decision in May 2022 explaining that I was intending to uphold Mr M's complaint. Here's what I said:

provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

My remit here is to consider whether Mr M was mis-sold his policy given his view that he was provided with mis-leading information about whether hot water cylinders were included in an annual service.

To understand what is expected, I have read the information Mr M was provided with when he arranged his policy online. The policy terms give the following definitions:

"annual service

- a check in each period of agreement to ensure that your boiler, gas appliance or central heating, and ventilation is working safely and in line with relevant laws and regulations.."

Also:

“central heating

- the heat and hot water system on your property – including your expansion tank, radiators, bypass and radiator valves, system filters, warm-air vents, cylinders, any immersion heater and its wired in timer switch, and the pipes that connect them.”

The policy booklet includes a diagram showing the components of a heating system. A hot water cylinder is shaded green and purple. Purple denotes plumbing, and green denotes central heating. The next page describes the different types of cover British Gas offers. From his renewal document Mr M has, “HomeCare Two - Boiler, controls and central heating cover including an annual service” in place. This corresponds with the green shading.

The policy booklet shows that Mr M doesn’t have the plumbing option, but does have the central heating cover, which says, “These products are designed to meet the demands and needs of customers who want to protect their: Boiler, controls and central heating on a service and repair basis.”

The next page of the policy terms includes the following information:

“Central Heating

What’s covered

All repairs to the heat and hot water system on your property, for example:

- expansion tank, radiators, bypass and radiator valves;*
 - warm-air vents;*
 - cylinders and any immersion heater and its wired in timer switch; and*
 - the pipes that connect the central heating system*
- A replacement of parts of your central heating if we can’t repair them*
- Accidental damage*
- A first service or annual service*
- (see page 28).”*

Page 28 of the policy booklet says:

“Annual service

For boilers and central heating your first service counts as an annual service.

One of our engineers will visit your home to complete your annual service. This will include testing the gases your appliance or boiler produces.

If the visit shows that it’s necessary to take your appliance or boiler apart to adjust or clean it, we’ll do so.

During the visit, our engineer will fill in a checklist that shows you exactly what we’ve looked at. If we find a problem or fault that needs to be fixed, we’ll tell you about it.”

We asked British Gas what Mr M will have seen when he followed the process of selecting his cover online. It supplied a screenshot of the servicing information for the type of cover Mr

M chose. This says:

“What’s included?”

- *Repairs to your gas central heating system, including boiler, controls, radiators and hot water cylinder.*
- *Annual service of your boiler to make sure it’s running safely and efficiently.”*

British Gas provided a copy of the Insurance Product Information Document (IPID) it sent to Mr M. It pointed to the following excerpt:

“What is insured?”

- *Unlimited repairs to your gas central heating system,*
- *including boiler and controls and gas supply pipe*
- *All parts and labour*
- *Non-emergencies and emergencies*
- *Annual service of your boiler***

***Your annual service may be more than 12 months apart.”*

In addition to this information it says the hot water cylinder wasn’t broken, so no repair was necessary. It says the policy doesn’t stipulate that it will carry out a service to anything other than an appliance or boiler.

I have thought about whether the policy terms require a specific service of Mr M’s hot water cylinder.

The policy definitions say an annual service is a “check” in each period of agreement to ensure the boiler, gas appliance or central heating is working safely. The definition of central heating includes hot water cylinders amongst a number of other components.

Boiler/appliance servicing is specified in the terms. This requires the exhaust gases to be tested and, if indicated, cleaning or adjusting of the boiler/appliance to be carried out.

British Gas says it will carry out a visual check of the hot water cylinder. But it also says the cylinder wasn’t broken and didn’t need repairing.

I acknowledge what British Gas says in respect of a visual check of the hot water cylinder. But I think the policy terms say that an annual service will be provided for the hot water cylinder, as it’s part of the central heating system. Based on this I think it’s reasonable for Mr M to expect a service to have been carried out.

Mr M has sent a copy of the check sheet British Gas’s engineer filled in at his last visit. One section is entitled “Safety Summary: For all visits” and sets out the checks required for the boiler. The other section is entitled, “Annual Service: Additional checks carried out”, there are five fields for the engineer to complete here. One of the fields says, “Hot water storage cylinder checked (where applicable)”. The engineer crossed this section out. This indicates a specific check of the hot water cylinder is something British Gas’s engineers can carry out as part of an annual service. In this case a check wasn’t carried out. But I think the policy terms do say an annual service of the hot water cylinder is required.

Mr M has sent a copy of the warranty provided with his hot water cylinder. This says a guarantee is in place for 25 years against faulty materials or manufacture, provided that the unit has been serviced annually, and a service record has been filled in after each annual

service. He's concerned that the lack of servicing has impacted his warranty.

I acknowledge British Gas says there's no problem with the hot water cylinder, which was visually inspected by its engineer. I understand Mr M's concern that the warranty could potentially be affected should he need to make a claim against the manufacturer in the future. But as it stands there is no loss to consider. I'm not able to consider remedial action where this is the case.

That said Mr M was provided with information by British Gas that says the policy it sold him will include an annual service for his hot water cylinder. When Mr M first raised this issue he was told pressurised cylinders aren't serviced. I've read the policy terms but can't see that this is mentioned.

Having considered all of this I don't think British Gas has treated Mr M fairly in providing a policy that says it will service his hot water cylinder when this isn't the case. I don't think it's been shown that pressurised cylinders are excluded from this either. I think it's fair that British Gas arranges for a service to be carried out or pays for the reasonable cost of Mr M arranging this. Mr M has been caused frustration and worry because his hot water cylinder hasn't been serviced and for the impact this could have on his warranty and home insurance. To acknowledge this, I think it's fair for British Gas to pay him £100 compensation.

Mr M may wish to consider whether his policy meets his needs going forward.

I said I was intending to uphold this complaint and British Gas Services Limited should:

- arrange for Mr M's hot water cylinder to be serviced or pay his reasonable costs in arranging this himself; and*
- pay Mr M £100 compensation for the frustration and worry it caused him.*

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

British Gas responded to say its position hasn't changed. It says the cylinder is covered in the case of breakdown but doesn't get serviced. It says radiators and overflow tanks are shown on the cover diagram for central heating systems and they aren't serviced either.

British Gas highlights the screenshots from the online customer journey Mr M followed and the IPID clearly show what is covered. It says its clear only the boiler receives a service. It also says Mr M has no active policy in place and it doesn't think it should pay the cost of a third-party service.

Mr M responded to say he broadly welcomes the findings set out in my provisional decision. But he maintains this is a case of a mis-sold product not simply a case of being treated unfairly. He doesn't think the compensation payment adequately recognises what he considers to be reprehensible behaviour from British Gas in these circumstances.

Mr M says he can recall at least two faults arising with the hot water cylinder that necessitated call outs and engineer visits. An excess payment of £60 was payable for each of these visits. Mr M thinks these call outs could have been avoided had servicing been carried out.

Mr M says he has spent at least 12 hours corresponding with British Gas and our service in pursuing his complaint. He says he charges his time at £36 per hour and thinks a payment of

£432 is appropriate. Mr M says British Gas doesn't have enough engineers qualified to work on unvented cylinders. He says this is why it has gone to such lengths to dismiss his complaint.

Mr M says he no longer has a relationship with British Gas and doesn't want it to service his cylinder. He says he has recently replaced his boiler and had his cylinder checked as part of this installation. He would like a contribution toward the cost of the new installation.

In resolution of his complaint Mr M asks that British Gas pays him 25% of the £1,421 he paid in premiums for his policy, £120 to refund the call-out fees he paid, £432 for the time spent bringing his complaint, and a £120 contribution for the servicing of his cylinder.

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 acknowledge the points British Gas has made about the information Mr M will have seen during his online application and the information set out in the IPID. This shows an annual service is included for boilers. I referred to this in my provisional decision. But I also considered the policy terms, which define an annual service as a “*check*” in each period of agreement to ensure the boiler, gas appliance or central heating is working safely. The definition of central heating includes hot water cylinders. I thought it was reasonable for Mr M to expect a service to be carried out based on what the policy terms say.

Mr M says the policy was mis-sold rather than this being a case of him being treated unfairly. I acknowledge his comments and his view that more compensation should be provided by British Gas.

Mr M has benefitted from the cover provided by his policy. This includes servicing of his boiler as well as repairs that were carried out, which he refers to in his further comments. Because of this I don't agree that the policy was mis-sold or that a portion of his premiums should be refunded.

I acknowledge Mr M's comments that call out fees were incurred because his hot water cylinder wasn't serviced. But I don't think he's reasonably shown this to be the case. So, I don't think it was unfair for British Gas to raise these charges as required by his policy.

Mr M sets out the time he has spent dealing with his complaint. In my provisional decision I acknowledged the frustration and worry he was caused by British Gas not servicing his cylinder and the impact he felt this could have on his warranty and home insurance. I accept Mr M has had to spend time complaining to British Gas and our service. The business has a different view to Mr M, which it is entitled to have. But I think a compensation payment for £100 is fair to acknowledge the impact this has had on him. Our service doesn't base awards for distress and inconvenience on the valuation an individual places on their time.

I think £100 is fair in the circumstances described and consistent with our approach to making awards.

Mr M thinks there is wider issue with not enough British Gas engineers having the necessary qualification to work on pressurised cylinders. We aren't the regulator and it's not our role to determine how British Gas runs its business. My role here is to consider Mr M's individual complaint and whether he was treated fairly in these circumstances. I don't think he was treated fairly. But I think the remedy I have set out below is fair in acknowledging this.

Because Mr M has made clear he doesn't want British Gas to service his boiler, it's reasonable that my decision is amended to remove this requirement. We contacted British Gas to allow it to comment on this point. It didn't object to the removal of this part of the remedy. But it did reiterate its view that the policy doesn't provide for the servicing of hot water cylinders.

Having reconsidered all of this, I'm not persuaded that there is reason to change my provisional decision, other than to remove the part requiring British Gas to arrange a service of the cylinder. I note Mr M's comments that he had his cylinder checked when his boiler was replaced. British Gas should pay the reasonable costs in him arranging a service, which he can demonstrate to it.

My final decision

For the reasons I've explained above and in my provisional decision, I uphold Mr M's complaint. British Gas Services Limited should:

- pay Mr M's reasonable costs in arranging a service of his hot water cylinder; and
- pay Mr M £100 compensation for the frustration and worry it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 August 2022.

Mike Waldron
Ombudsman