

## **The complaint**

The administrator of Mr H's estate isn't happy with the way British Gas Insurance Limited (British Gas) dealt with the renewal of Mr H's homecare policy.

## **What happened**

Mr H took out a homecare policy with British Gas. The policy renewed annually between 2016 and 2019 with Mr H paying by monthly direct debit.

Following Mr H's death in 2019, the administrator of Mr H's estate reviewed his homecare policy and made a complaint to British Gas. She thought that Mr H had been overcharged at each renewal as the cost of the policy had increased each year and that Mr H would have paid less had he been a new customer. She also said that discounts British Gas offered to customers were not properly highlighted in the renewal letters and so Mr H had not taken advantage of them as she believed he would.

British Gas say that it sent Mr H renewal letters each year which detailed the current price and the new price payable at renewal. It highlighted any discounts that were available and that since 2018 it also highlighted that cheaper cover may be obtained elsewhere. British Gas say that discounts offered at renewal are discretionary and so are not usually added automatically – they need to be applied for. It says that customers are encouraged to make contact to discuss their renewal if necessary. It said that it followed its standard pricing model at each renewal and that Mr H was treated fairly.

The administrator didn't agree and brought her complaint to this service. Our investigator looked into the complaint but didn't think that British Gas had done anything wrong. She didn't think Mr H had been treated differently to any other policyholder in relation to the renewal price he paid, and that the customer discounts were highlighted clearly in the renewal notices sent to him.

The administrator accepted our investigator's decision in relation to the price of the policy but asked that an ombudsman consider the issue of the discounts offered at renewal. She didn't think that British Gas adequately notified Mr H of changes to the direct debit discount or made the annual direct debit and energy customer discounts clear to Mr H. She thought that Mr H had paid more for his policy as a result.

## **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 would like to reassure the administrator that I've looked carefully at all the renewal documents. I know she is concerned that her scanned copies don't show the true colour of the highlighted boxes, but I've also seen emailed copies of the documents sent to us by British Gas.

Insurers are required to provide customers with sufficient clear information so that they can

make an informed choice about renewing their policy. This includes information on price. It isn't for me to tell British Gas how to provide this information, but I can consider whether it has acted fairly and reasonably in the way it provides this information to its customers.

#### *2016/17 renewal*

In 2016/17 Mr H's renewal letter quotes the renewal price and a £6 direct debit discount. The administrator's concern is that a separate £12 discount for customers who also have their energy supply with British Gas isn't adequately highlighted as it appears on a different page headed "*What another year of cover will give you*". She says this implies that all discounts have already been applied and that Mr H may not have felt it necessary to read this page in full.

I've looked carefully at the renewal letter, and I think it's clear. I appreciate that the renewal price and direct debit discount are on page three, but this page is headed "*How your payments are broken down*" so I don't think the new discount would be any better included here. The new discount is on page 2 in a separate box headed in large letters "*Energy Customer Discount*". It says clearly underneath "*Don't miss out on your discount – claim it in a click*". It also provides a telephone number for customers who prefer to call. Customers are advised to register by a certain date and I think it's clear that they need to take action to claim the discount. I can't see that the letter implies that all discounts have already been included and I think it would be fair to expect customers to read information provided – particularly if it's highlighted.

#### *2017/18 and 2018/19 renewals*

I've dealt with these together as the renewal letters are similar. The administrator is concerned that the discount was not applied automatically as the monthly direct debit discount was, and that it should have been made clear that customers needed to take action to claim it.

I've read the letters carefully and I note that their layout is different to the previous year. The renewal price and monthly direct debit discount is detailed on page three and directly underneath is a bright blue highlighted box entitled "*Your discounts and offers*". This refers to the £12 energy customer discount and tells customers that they have to register to get it. I understand that Mr H's monthly direct debit discount appears to have been applied automatically and that he was now being asked to apply for the energy customer discount, but I don't think this is unreasonable in itself. The monthly direct debit discount will have been carried over from the first year it was set up and British Gas say that new discounts have to be applied for separately. What's important is whether Mr H was provided with enough clear information to make a choice about whether to apply – and I think that he was. This information was highlighted in a separate differently coloured box and I think British Gas did enough to draw attention to it.

#### *2019/20 renewal*

In 2019 the monthly direct debit and energy customer discounts stopped, and British Gas introduced a new single discount of £12 if payment was made by annual direct debit. The administrator says that these changes should have been clearly mentioned and that the cheaper price option with the £12 discount should have been offered as well. She also believes that the box containing the relevant information is heavily shaded and difficult to read.

The information about the discounts is again provided in a bright blue box underneath the renewal price breakdown. If Mr H were to obtain the £12 discount, he would have needed to

change the way he paid for his policy. He would have had to set up a yearly direct debit rather than pay monthly – and so the discount could not have been applied automatically. Not all customers would want to set up a yearly direct debit, and so I don't think it unreasonable for British Gas not to provide a specific price with this discount included. What it needed to do was provide Mr H with the information he needed to decide whether to apply for the discount. Whilst it may have been better to tell Mr H on page one that his monthly direct debit discount was ending, I think British Gas did enough by highlighting it in the coloured box on page three. In the same box it also clearly explained what action Mr H needed to take to get the new yearly discount. If this information had been included in the white box above, I think it may have risked being overlooked.

I've also considered the point raised by the administrator that the blue shaded boxes were difficult to read. I've seen both scanned and emailed copies of the documents and, although I can't say how Mr H would have viewed them, I think the information is clear enough.

I know that my decision will come as a disappointment to the administrator and that she feels strongly that Mr H would have taken advantage of all discounts available to him. However, bearing all the above in mind, I think British Gas did enough to highlight the discounts and changes and I can't say that it has acted 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 the estate of Mr H to accept or reject my decision before 27 September 2022.

Elizabeth Middleton  
**Ombudsman**