

The complaint

Mr I's complained about the way British Gas Insurance Limited ("British Gas") dealt with him when he claimed under his policy for boiler breakdowns.

What happened

Mr I had had a HomeCare policy with British Gas for several years when his boiler stopped working towards the end of October 2021. The engineer who attended refitted a part, but problems persisted. The engineer returned the following day and told Mr I the controls for his system were faulty and obsolete.

There were two further appointments over the next two days, the first of which wasn't kept. At the second appointment, the engineer replaced a part which allowed the system to be run – although not automatically.

On the following day, British Gas sent Mr I a quote of £699.85 to replace his controls. They said this represented an upgrade to his system, so wasn't covered by the HomeCare policy.

An appointment was made to attend and complete the work in mid-November. But it wasn't made correctly, so wasn't kept. British Gas re-arranged the appointment for two days later. At this appointment, the controls to Mr I's boiler were replaced and the system left working.

Mr I complained to British Gas about the service he'd received. And he said he thought the work to replace the controls should be covered by the policy. British Gas didn't agree with this and maintained the work was chargeable. But they did accept the standard of their service hadn't been acceptable and paid Mr I £120 for this.

Mr I wasn't satisfied with British Gas's response as he still thought replacement of the controls should be covered by his policy. So he brought his complaint to us.

Our investigator considered it but, before he could share his conclusions with the parties, Mr I contacted him to let him know the boiler had broken down again at the end of February 2022 – and this time, British Gas had said it needed replacing, but that replacement wasn't covered by his policy.

Our investigator asked British Gas if they'd agree to adding this additional complaint to the other he was considering. British Gas agreed. They said they'd not condemned the boiler. But they'd noted a part they'd fitted previously had corroded. British Gas said this wasn't covered because they'd previously advised a powerflush to improve water quality and help prevent corrosion – which hadn't been done.

And British Gas confirmed Mr I wasn't covered for a replacement boiler because his existing one didn't meet the criteria for cover. But they did say they'd reviewed their position with regard to replacing the boiler controls and now accepted this should have been covered. They apologised to Mr I for their mistake and said they'd cancel the invoice for £699.85 and refund the instalment payments he'd already made.

Our investigator considered the full complaint and agreed that British Gas should refund all payments Mr I had made towards the £699.85, along with 8% interest for the time he'd been without the money. But he said the policy didn't cover repairs if a powerflush had been recommended but not carried out – as had happened here.

Nor did the policy cover boilers more than seven years old, unless they'd been fitted by British Gas and been continuously covered by them since then. The investigator established Mr I's boiler had been installed in 2012 by an independent fitter – so it wasn't covered under the policy.

Mr I didn't agree with the investigator's view and reported that British Gas were continuing to claim payments towards the invoice of £699.85 they'd agreed to cancel. So I was asked to make a decision. Having considered all the evidence then available, I reached a slightly different conclusion from our investigator – so I made a provisional decision.

I agreed with the investigator that the work needed in February 2022 wasn't covered by the policy because British Gas had previously recommended a powerflush – which Mr I hadn't had done. And I agreed that, due to its age, the boiler wasn't covered for replacement. I also thought British Gas should refund any payments Mr I had made towards the invoice and pay interest for the time they'd held those funds.

But I didn't think that was enough to put right that British Gas had charged Mr I for work which they now accept was covered by the policy – and had chased him for payment of that. I thought they should pay Mr I £150 compensation for this.

In response to my provisional decision, Mr I said that British Gas hadn't properly serviced the boiler. He felt this had contributed to the need to have it replaced and so British Gas should pay 50% of the cost of the new one.

British Gas confirmed that they'd taken seven payments from Mr I, totalling £489.88. They said they'd taken steps to cancel the invoice and refund this to Mr I. And they said, once they had confirmation this had been done, they would calculate and pay him interest, as well as paying him £150 compensation.

The complaint's now been passed back to me to make my final 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 that, I'm upholding Mr I's complaint for the reasons I set out in my provisional decision and which I've summarised above.

Putting things right

As I said in my provisional decision, the work undertaken in late 2021, for which Mr I was invoiced £699.85, should have been covered under the terms of the HomeCare policy. So it's only fair the payments he's made towards that invoice are refunded.

Before I made my provisional decision, I asked our investigator to request Mr I send us copies of his bank statements, to evidence how much of the total of £699.85 he'd paid. Mr I provided a limited number of statements, which didn't cover the whole period in question. They show three instalments of £69.99 were paid.

But British Gas provided information in response to my provisional decision. They confirmed they'd received seven instalments in total. In the absence of information to evidence Mr I paid any more, I've relied on that to say British Gas should refund Mr I seven instalments, totalling £489.88.

And, because Mr I was without that money for some time, British Gas should also pay him simple interest on those instalments, calculated at the rate of 8% per annum from the time he made the payment until British Gas refunds him.

As to other payments, I've thought about what Mr I has said about British Gas not servicing the boiler properly. But – as I explained in my provisional decision - I'm not an expert. So I can't say the boiler stopped working as a result of poor servicing, as opposed to – for example – that Mr I didn't have a powerflush done when it was recommended. So I don't think it's fair for me to say that British Gas should contribute to the cost of Mr I's new boiler.

But it does remain my opinion that British Gas should pay Mr I £150 compensation for not accepting the work done at the end of 2021 was covered by the policy. I'm pleased to see British Gas accept that's fair and have said they'll pay this to Mr I.

My final decision

For the reasons I've explained, I'm upholding Mr I's complaint and directing British Gas Insurance Limited:

- refund Mr I the seven instalment payments totalling £489.88;
- pay Mr I simple interest on those instalments, calculated at the rate of 8% per annum, from the date Mr I paid each instalment until the date it was refunded to him; and
- pay Mr I £150 compensation for the distress and inconvenience they've caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 20 October 2022.

Helen Stacey
Ombudsman