

## **The complaint**

Mr M is unhappy with the handling and settlement of his home emergency claim under his British Gas Insurance Limited's Homecare policy.

## **What happened**

Mr M made a claim due to a leak in a property that he rents out to tenants. Not only was Mr M's property damaged but a neighbour living below was also suffering water damage due to the leak. BG investigated and couldn't find a leak. It said the property was suffering from condensation due to both ventilators not working and suggested the issues might be linked to the chimney on the other side of the property. It also said the water might be getting downstairs due to damaged tiles in Mr M's bathroom allowing water to get behind them and leak below.

BG maintained there were no problems and did thermal imaging tests. It said the walls were damp, but this wasn't where the pipes were. CCTV tests were suggested but Mr M was later advised by BG that these wouldn't be covered by the policy and he would have to pay for this himself.

Later on, despite no leaks being found water started pooling on the floor of Mr M's property. BG said the water may have been coming from a pipe under the floor. Mr M was contacted as the leak had penetrated the neighbour's fuse board downstairs and the fire brigade said the neighbour's home was uninhabitable due to the damage caused by the leak. Soon after this solicitors became involved due to the issues.

In view of the mounting problems BG offered Mr M £150 for the distress and inconvenience caused, as there were delays in arranging the payment it increased the amount to £170.

In the end the property maintenance contractors looking after the overall building removed and replaced a wastepipe of Mr M's and the leaks stopped. Mr M was charged by the contractors and because BG wouldn't reimburse Mr M for this cost, along with all the other issues, he brought a complaint to this service.

Our investigator upheld the complaint. He said BG had every opportunity to investigate and resolve the leak. Our investigator said BG could have arranged this repair as it was aware this pipe could have been the cause of the leak. Not doing this added to the delay and the distress and inconvenience Mr M suffered. Our investigator concluded BG should pay Mr M his costs for the initial work the contractors did for £894.64 plus 8% interest. He also said in view of the issues BG should increase the compensation by a further £180, on top of the £170 it had previously offered, to make a total payment for this of £350. He concluded by confirming subject to quotes for repairing the further additional damage to the property BG should settle 50% of these repair costs.

Mr M accepted this. BG didn't respond and so the complaint was passed on for an ombudsman 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.

I'm not clear about why there wasn't further action taken more quickly by BG and its representatives. There was a known problem, it was clearly impacting Mr M's property, it was also impacting on a neighbour. There were some reasons given trying to point in other directions but there was a leak despite what BG said about it being something to do with the chimney and suggesting it was only condensation. BG is aware that removing and replacing the waste pipe was an option but chose not to act despite ruling out other sources as being the cause of the leak. There's also policy cover for unlimited repairs to leaking waste pipes but BG still didn't act on this. Mr M has said the leaks have stopped since the property maintenance contractors has gone ahead and replaced the waste pipe.

I think it's clear that BG missed opportunities here to resolve the leak even though the policy says it will act in this situation. In view of this I think it is fair and reasonable for BG to reimburse Mr M for the costs he was charged by the property maintenance contractors - £894.64. BG should have done this work itself and the policy covers it.

### *additional damage*

The policy states there is cover for unlimited repairs on leaking waste pipes. The policy also covers accidental damage to plumbing and drainage. Because of this I do think BG needs to be held partly responsible for the ongoing damage caused. Mr M provided evidence of the condition of the property prior to the damage and this highlighted that it was in a good condition originally compared to the later photos after the leak. The evidence points to further damage to the property and the advice from BG that there was no leak was clearly incorrect, unfair, and unreasonable. BG should have acted regarding the waste pipe and for some reason that I don't think it has explained – it didn't. So, I think it is fair and reasonable in this case for BG to pay 50% towards the repair costs for any damage directly linked to the claim leak subject to invoice evidence from Mr M. I think that's fair based on the missed opportunities but also because the property management company did offer Mr M the option of its own contractors doing the work.

### *Solicitor's costs*

Despite the issues with BG Mr M did still have a responsibility to his tenants and to the neighbour. And although he's been clear that he was expecting BG to deal with this under his policy the signs were that it wasn't going to. The property management company had checked this with Mr M and offered to provide contractors to put the matter right. It said if there was no action that it would need to involve solicitors.

So, although I understand Mr M's concerns and his wish for BG to do the work it was apparent at this stage that despite some investigation nothing active was happening. So, I think the solicitor's costs could have been avoided if Mr M had allowed the property management contractors to do the repair when it asked to. The policy does say BG isn't responsible for damage caused by water leaks so there was a need to get the leak resolved despite the issues Mr M was facing with BG.

### *distress and inconvenience*

It's also clear that the difficulties he encountered dealing with the claim had an impact on Mr M. I accept that BG realised this when it offered to pay him £170 as compensation for his distress and inconvenience. But that isn't enough when considering some of the parties who

were contacting Mr M. This would have been a big worry to Mr M when such parties told him his property was causing such a problem to his neighbour that the electrics were so dangerous his neighbour's property was uninhabitable. Other agencies were also in touch with Mr M asking him to resolve the leak and it was undoubtedly a very stressful situation with BG adamant that there was no leak. So, I think it is clear BG could and should have done more. The ongoing delay meant the damage was getting worse for Mr M, his tenant, and the neighbour. The longer it went on the more threat of legal proceedings and action from the other interested parties grew and increased Mr M's distress. I think a further £180 compensation to bring the total compensation amount to £350 is fair and reasonable based on the circumstances Mr M found himself in.

Mr M has said that he's never had the initial £170 from BG. But BG has confirmed to this service that the payment was sent to Mr M in April. BG need to check this and if there's a problem with the settlement getting to Mr M it will need to make another arrangement with him. One option might be to get bank details and pay the sum directly into Mr M's account.

### **Putting things right**

- Pay the costs of the waste pipe repair to Mr M of £894.64.
- Pay interest on this part of the award at a rate of 8% simple per year from the date Mr M paid the amount to the date of this settlement.
- Pay 50% of the additional damage directly linked to the leak claim subject to invoice evidence from Mr M.
- Pay a total of £350 for the distress and inconvenience caused to Mr M.

### **My final decision**

I require British Gas Insurance Limited to:

- Pay for the costs of the waste pipe repair to Mr M of £894.64.
- Pay interest on this part of the award at a rate of 8% simple per year from the date Mr M paid the amount to the date of this settlement.\*
- Pay 50% of the additional damage directly linked to the leak claim subject to invoice evidence from Mr M.
- Pay a total of £350 for the distress and inconvenience caused to Mr M.\*\*

\*If British Gas Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mrs M a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

\*\*British Gas Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 November 2022.

John Quinlan  
**Ombudsman**