

The complaint

Ms P complains British Gas Insurance Limited (British Gas) incorrectly cancelled her home emergency insurance policy and declined to settle her claim after a leak.

What happened

Ms P had a home emergency insurance policy with British Gas.

On 1 June 2021, after having a new boiler installed, Ms P contacted British Gas to amend her policy by removing the heating cover and to keep only plumbing and drains and home electrical cover. During this call she was informed that the money she had already paid towards the central heating cover would be used towards the remaining months premiums for the reduced cover. Ms P cancelled her direct debit.

However the advice given by British Gas's agent was incorrect. As Ms P's direct debit payment was not received; British Gas wrote to her on 3 June 2021 to say it had not received payment. The credit on her account was refunded by cheque on 8 June 2021 and she was told a direct debit was needed to keep the remaining policy active. As this was not completed, British Gas cancelled the policy on 30 July 2021, and this was confirmed by letter to Ms P.

In September 2021 Ms P made a claim on her policy after finding a leak. She believed it was covered under plumbing and drains. The claim was declined by British Gas because it had cancelled her policy on 30 July 2021, as her direct debit had been cancelled.

British Gas agreed its agent had made an error and had not provided Ms P with correct information when she called to make the amendment. It acknowledged if it had given her the correct information, she would still have an active policy.

British Gas agreed to pay for the cost to stop the leak. It did not offer to reimburse her to repair the damage caused by the leak as this would not have been covered by the home emergency policy. It also reimbursed Ms P for the cost of the policy up to 30 July 2021 and offered £100 as a gesture of goodwill for the unnecessary stress that may have been caused and the personal time it had taken for her to try and resolve the matter.

As Ms P was not happy with British Gas, she brought the complaint to our service.

Our investigator did not uphold the complaint. They looked into the case and said they felt British Gas had acknowledged and apologised for the level of service she'd received, and it had compensated her fairly.

As Ms P is unhappy with our investigator's view the complaint has been brought to me for a Final decision to be made.

In my provisional decision I said

When Ms P called British Gas to make the amendment to her policy, she had no reason to

believe that she had been incorrectly advised.

I saw that British Gas confirmed, by letter, the amended policy cover to Ms P after the call, And I accept she thought at this point she still had a policy in place that covered plumbing and drains and home electrical cover.

I also saw that British Gas wrote to Ms P to inform her that her direct debit had been cancelled. And it again wrote to her on 31 July 2021 to confirm cancellation of the policy. British Gas fully accept its agent made a mistake about the direct debit. And because of this it honoured her claim for fixing the leak as this would have been covered if the policy had remained active.

However Ms P also submitted a quotation for £2,474.40 which British Gas rejected. I saw the quotation supplied by Ms P and this detailed repairs, replace, and redecorate water damage to ceilings in the dining room and utility room.

Ms P said that as British Gas had accepted its mistake in cancelling her policy and honoured the claim for fixing the leak, it should also honour her claim for the repairs to the damage caused to gain access to the leak. She said British Gas is "responsible for the repair as well as any works needed to gain access to the repair."

British Gas said the work detailed in the quotation would not have been covered even if the home emergency insurance policy was active.

I looked at the terms and conditions of the policy and on page 29 it says;

"Getting access and making good

We won't be responsible for repairing any pre-existing damage, nor will we replace or restore the original surface or coverings, for example, tiles, floor coverings, decoration, grass, or plants."

Also on page 31 it says;

"Any other loss or damage - We're not responsible for any loss of or damage to, or cleaning of property, furniture, or fixtures as a result of your boiler, appliance or system breaking or failing unless we caused it. For example, damage caused by water leaks. We're also not responsible for any losses incurred as a result of delayed, rearranged, or cancelled appointments."

I think this is clear that if the policy was in place, it would not cover for the repairs detailed on Ms P's quotation. I agree British Gas were correct in declining to pay these costs on this estimate.

However I do understand Ms P's point that some damage was caused to her ceiling when her plumber gained access to stop the leak. And if the policy was in place this would have been covered under the terms of the policy.

I asked British Gas for further clarification regarding its position on the trace and access part of this complaint, but it has declined to reply other than to say it was not covered as there was no policy in place.

I agree that there was no policy in place but in this case British Gas accepted that it was its error and paid Ms P's claim to repair the leak as if she had an active policy. It also offered £100 as a gesture of goodwill for the unnecessary stress that may have been caused and the personal time it has taken for her to try and resolve the matter.

In this case as British Gas has accepted the repair part of Ms P's claim, I think it should also

pay reasonable costs to gain access and make good for this repair.

In the absence of any evidence of the specific costs to make good the damage caused when accessing the leak, I think the fair and reasonable outcome in this case is that British Gas pay Ms P a further £150 in relation to making good the ceiling that was damaged when accessing the leak.

Responses to my provisional decision

Ms P responded to say:

- Only the surplus credit on her account was refunded by cheque in June 2021.
- There was no advice that she needed to keep her direct debit .
- The amount of £150 for gaining access is unreasonable and her quotation for that part of the ceiling is £962.

British Gas responded to say:

- If it had made access to carry out the repair it would have repaired the access point that was needed. It said it was happy to arrange to send Ms P £150 as an additional gesture of goodwill to the £100 already sent.

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.

In response to Ms P:

- I agree this was the surplus credit. This is what I understood when considering this case.
- British Gas acknowledged the advice given by its agent was incorrect. I have seen that a letter was sent to Ms P on 3 June 2021, after this advice, to advise her there was no direct debit in place and it included advice on what she should do to continue her policy. And it again wrote to her on 31 July 2021 to confirm cancellation of the policy and this also included advice on what to do to keep her cover.
- The £150 is for making good the ceiling that was damaged when the plumber engaged by Ms P accessed and stopped the leak. It is not for the redecoration as in Ms P's quote.

Based on the responses I've reviewed I maintain my provisional decision and I uphold Mrs W's complaint.

I require British Gas to pay Ms P a further £150 in relation to making good the part of the ceiling that was damaged when accessing the leak, in addition to the £100 compensation already paid.

My final decision

For the reasons I have given I uphold this complaint.

I require British Gas Insurance Limited to pay Ms P £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 21 November 2022.

Sally-Ann Harding
Ombudsman