

The complaint

Mrs M is unhappy with the service she has received from British Gas Insurance Limited (British Gas) under her HomeCare and appliance repair cover.

What happened

In November 2018 Mrs M reported a fault to her fridge. A British Gas engineer attended but couldn't find the model details. As they couldn't repair the fridge British Gas offered a 30% contribution towards a new fridge. Mrs M didn't hear anything further from British Gas and in June 2019 replaced her fridge with an unbranded model and informed British Gas.

In June 2019 Mrs M reported a fault with her tumble dryer. An engineer attended and carried out repairs. Mrs M says that during two visits, sludge from the tumble dryer caused damage to her kitchen carpet. British Gas say that the damage to the carpet was consequential to the fault and that Mrs M should claim on her home insurance. Mrs M said that the engineer caused the damage during the repair.

Mrs M complained to British Gas about the service she had received. She also complained that British Gas would only pay a contribution to the cost of her new fridge. She says that she wasn't aware that she was only entitled to a 30% contribution. British Gas said that the 30% contribution was part of the terms and conditions of the policy and offered to refund the cost of the kitchen appliance cover for 2018/19 as a gesture of goodwill. They said their engineer was not responsible for the damage to the carpet and that they had only been informed of the damage nine months later.

Mrs M brought her complaint to this service. She wants British Gas to repair the damage to her carpet and to replace her fridge with a branded product. She says that had she known she would only receive a contribution to any replacement product she would not have taken out the policy.

Our investigator didn't think the complaint should be upheld. He said that the policy was clear that only a 30% contribution was payable and that the refund of the 2018/19 policy premium was more than a 30% contribution. He thought this was fair. He didn't think there was any evidence that the engineer caused damage to the carpet.

Mrs M provided photos of her damaged carpet and asked for her complaint to be considered by an ombudsman. She further said that British Gas hadn't carried out an annual boiler service and would like a refund to reflect this. This was not part of Mrs M's original complaint but British Gas have said they are happy for me to consider this. They say Mrs M has received a boiler service as per the terms and conditions of her policy.

My provisional decision

On 26 July 2022 I issued a provisional decision. I said:

"Mis-selling

Insurance companies have a duty to make sure their customers are given clear information so that they can make an informed choice about whether the policy is right for them. The fact

that a policy might have been mis-sold isn't enough on its own - we also consider if the customer would've done something differently, but for the mis-sale.

Mrs M bought her policy in 2009. British Gas have no records from before 2015, so I've not seen any details of the original sale. Mrs M was able to provide a copy of her 2011 renewal letter but apart from this I've only seen renewal documents from 2015. I've seen terms and conditions dated August 2012 and June 2018.

Apart from the 2016 renewal letter which highlights the kitchen appliance cover and the 30% contribution, none of the letters specifically mentions the contribution. The letters do however refer to the terms and conditions which were enclosed. These are clear and say that if the appliance is beyond repair and is more than three years old, British Gas will pay 30% towards a new appliance of similar specification bought from one of their approved suppliers.

Whilst I don't have any information regarding the original sale, I'm satisfied from what I've seen that British Gas made the details of the policy clear to Mrs M at each renewal. I therefore don't think that the policy was mis-sold. I also note that Mrs M has continued to renew her kitchen appliance cover since finding out about the 30% contribution and so I don't think she would've done anything differently even if the policy had been mis-sold.

Fridge repair

The terms and conditions of Mrs M's policy are clear as I've explained above. British Gas said that they couldn't repair the fridge and so were going to offer Mrs M a 30% contribution towards a new fridge. I think this was a fair approach and within the terms of the policy – and I don't think it reasonable to now expect British Gas to replace Mrs M's current fridge with a new one of the same make as her original. The policy is clear that Mrs M is only entitled to a 30% contribution.

However, British Gas never offered a contribution – or any explanation for this until Mrs M complained in March 2020. They then offered £202.87 as a gesture of goodwill for the inconvenience caused. This reflected the cost of the 2018/19 premium. However, this doesn't appear to have been paid as a contribution as I've not seen any calculation carried out at the time and so I think it fair for British Gas to now pay Mrs M the 30% contribution.

I appreciate that it might now be difficult to calculate an exact contribution figure. However, Mrs M says that her fridge was a branded top of the range fridge and so I intend to ask British Gas to work out a fair contribution based on the information they have. I'm aware that the policy doesn't provide for a cash alternative, but as Mrs M has already bought a new fridge whilst waiting for her contribution, I think that a cash payment would be fair.

I also think there was considerable delay in sorting out Mrs M's claim. British Gas initially said that Mrs M had requested the contribution process be postponed due to her ill health, but they now accept that there was no evidence of this. I'm satisfied that the delay wasn't Mrs M's fault and I also can't see that Mrs M was updated regarding her claim. She says that she was told during a telephone call in December 2018 that British Gas would sort everything out and then heard nothing. This left Mrs M without a properly working fridge from November 2018 to June 2019 when she replaced it. British Gas suggest that the fridge was replaced in January 2019, but the fridge was removed from the policy in June 2019, so I think that it's more likely that the fridge was purchased then as Mrs M says.

Mrs M says that she suffered serious ill health during this time and the issues with her fridge caused her additional worry and sleepless nights. Not only did she have to live without a properly functioning fridge, she also had to purchase a new one without any financial contribution. I'm satisfied that this all added to Mrs M's very difficult circumstances, of which

British Gas were aware. I've taken into account the goodwill payment already made and I intend to require British Gas to pay Mrs M £100 compensation for distress and inconvenience.

Tumble dryer

I can see from Mrs M's photos that there is black staining to her carpet. Mrs M says that she witnessed the engineer cause the staining and mentioned it to him. British Gas haven't denied that there was damage but say there is no evidence it was caused by their engineer. However, British Gas haven't offered any alternative explanation or said what precautions their engineer took to prevent damage during the repair. On balance, I think Mrs M's account is more likely. If the damage was caused during the repair, it's reasonable to expect British Gas to put it right.

British Gas say that they weren't made aware of the damage until nine months after the engineer attended and that the damage could've been caused by anyone during this time. Mrs M says the damage was caused by the engineer and not by anyone else – and I've not seen anything to suggest otherwise. The engineer acts as agent for British Gas and I think it likely that he was aware of the carpet staining during his visits. I think it therefore fair for British Gas to replace the carpet or, if Mrs M would prefer, pay her the cost of replacement so that she can arrange this herself.

I think the damage to the carpet has caused Mrs M additional distress and inconvenience. She has had to live with a stained carpet in her kitchen since 2019 and this can't have been pleasant. This all happened when Mrs M was suffering from serious health problems and I think it fair for British Gas to pay £100 compensation for distress and inconvenience.

Boiler annual service

Mrs M says she has missed one of her annual boiler services. British Gas say that Mrs M's boiler was serviced every year. I've looked through British Gas' notes and can see that there was a service in November 2015 and the next one was not until January 2018.

Mrs M's HomeCare 400 policy includes an annual service. Annual service is defined in the terms and conditions as a service within each agreement period. The policy says that the service should normally be carried out around 12 months from the previous service but that this can change in periods of high demand. Mrs M's policy runs from 27 January each year so I think Mrs M missed a service in the 2016/17 agreement period and it would be fair for her to be compensated for this."

Responses to my provisional decision

British Gas didn't agree with my provisional decision although they accepted the award of compensation for distress and inconvenience. They said that the £202.87 that they paid to Mrs M was an uplift of the 30% contribution which would have been £54 – based on 30% of £180.

British Gas dispute that their engineer was negligent or that he caused any damage to Mrs M's carpet. They say they were not notified straight away of the damage and that the damage could have been caused by anyone over the months until it was formally reported to them.

In relation to the missed annual service in 2016/17, British Gas provided a screen shot of a repayment to Mrs M on 8 February 2017 for the missed annual service.

Mr M commented that she had a separate fridge and freezer. Mrs M doesn't recall receiving any service refund.

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.

Apart from the refund of the 2016/17 annual service, I've not seen any new information from either party that causes me to change my decision.

The £202.87 that was paid to Mrs M was paid as a gesture of goodwill for the poor service she received – as detailed in British Gas's letter to Mrs M. I don't think it reflects a contribution towards her new fridge, so I think it fair for British Gas to now make the 30% contribution payment. British Gas have calculated this as £54 which I think is fair, and this should be paid with interest from the date that Mrs M bought her new fridge.

Mrs M says that she bought a separate freezer as well as her fridge, but this complaint deals only with the fridge and so I am not making any award for the freezer.

British Gas haven't provided any new information in relation to the carpet. There is no evidence that the damage was caused by anyone else and so I think it more likely that it was caused during the repair and that British Gas should put this right.

Although Mrs M doesn't recall the refund of the 2016/17 annual service, British Gas have provided a screenshot of the refund made to her - which I accept. I therefore won't be asking British Gas to make any further payments in this regard.

My final decision

My final decision is that I uphold this complaint and require British Gas Insurance Limited to:

- pay Mrs M £54 representing the 30% contribution towards her fridge, plus interest at 8% from the date she purchased her new fridge to the date the contribution is paid to her;
- replace Mrs M's damaged kitchen carpet, or if Mrs M would prefer, pay her the cost of replacing the carpet so that she can arrange this herself; and
- pay Mrs M £200 compensation for distress and inconvenience.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 28 December 2022.

Elizabeth Middleton
Ombudsman