

The complaint

Miss S is unhappy with the way British Gas Insurance Limited (British Gas) dealt with her claim under her HomeCare policy.

What happened

Miss S is a landlord and took out plumbing and drains cover with British Gas to cover her rented property. In December 2021 Miss S contacted British Gas to report that there was no hot water at the property. British Gas attended on four occasions but failed to properly diagnose and resolve the issue. On one occasion Miss S was wrongly advised that the shower was the problem and she paid £99 to repair it.

Miss S then instructed her own plumber to attend the property on 1 March 2022 at a cost of £198. He said that the water cylinder needed to be replaced. A new cylinder was ordered, and a British Gas engineer attended on 23 March 2022 to instal the cylinder – and the problem was resolved.

Miss S complained to British Gas about the service she'd received. It accepted that it had taken too long to resolve the hot water problem and that this caused inconvenience to Miss S and her tenant. It also accepted that it had sent a letter to Miss S in an inaccessible format and apologised. It paid Miss S £390 compensation for poor service. British Gas also refunded the £99 and £198 that Miss S had paid out for plumbing services.

Miss S accepted the compensation and refunds from British Gas but also asked it to pay for other consequential losses. She said she paid £475 compensation to her tenant and a contribution of £521.14 towards increased energy consumption. She also claimed £1,050 from British Gas for loss of rent as her tenant moved out early due to the problems.

British Gas declined to reimburse the lost rent or the tenant's compensation but said it would consider the increase in energy consumption if Miss S provided comparable energy bills from the previous year. Miss S then brought her complaint to this service.

Our investigator didn't think British Gas had treated Miss S fairly and that it was reasonable for it to refund the compensation Miss S had paid her tenant and the contribution to the energy usage – plus interest. She didn't think it reasonable to expect British Gas to compensate Miss S for the tenant moving out early as the tenant could have moved out for other reasons as well. She thought the £390 compensation for poor service was fair.

British Gas didn't agree and asked for comparable energy bills so they could consider the energy usage and evidence that the £475 compensation had been paid. The complaint was referred for an ombudsman's 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.

Compensation to the tenant

Miss S says that there was poor provision of hot water from December 2021 and no hot water from 25 February 2022 to 23 March 2022. British Gas say that having attended on 7 December 2021 it wasn't aware of any further problems with the hot water until the 24 January 2022, and so it shouldn't be held responsible for this period. Miss S accepts there was a gap between call outs but that this wasn't because the problem was fixed. It was because the tenant thought, having had the engineer out, that the water was as good as it would get. Whilst I accept that British Gas can't repair something it's not aware of, there were ongoing issues as a result of the problem not being properly diagnosed.

When a business makes a mistake, it's generally fair for it to put the customer back into the position they would have been in had things gone the way they should. British Gas accept that there was misdiagnosis of the problem and delays sorting it out. As a result of this Miss S had to pay compensation to her tenant for lack of hot water – and she is out of pocket.

British Gas asked for evidence of the compensation and Miss S has provided this. I've seen a letter from Miss S's letting agent, an agreement signed by Miss S and her tenant, and a landlord's statement – all confirming that Miss S reduced the rent by £475. I'm satisfied that Miss S lost £475 – and that it's fair for British Gas to refund this sum with interest at 8%.

Contribution towards energy bills

In order to assess whether Miss S's tenant's water and electricity usage went up, British Gas asked to see bills from the same period in 2020. Unfortunately, Miss S is not able to get these as she had a different tenant in the property the previous year and the utility company won't provide the bills as they were in the tenant's name and not hers. I accept therefore that it's not possible to make a comparison with the same months the previous year. Miss S's tenant moved into the property in December 2021, shortly before the problems with the hot water started, and so it's not possible for me to look at the tenant's usage prior to the hot water issues either.

As an alternative, Miss S asked her letting agents, who manage a number of properties at the address, to carry out a comparison with a tenant with a similar lifestyle. They did this and concluded that Miss S's tenant had paid £521.14 more than the similar tenant over the same period. Trying to calculate usage is not an exact science and I accept that it would be preferable to compare usage by the same tenant. However, this is simply not possible, and I think that the comparison made is the best option available.

British Gas was provided with a copy of the tenant's utility bills. It commented that it was being asked to reimburse virtually the whole of the energy used and that one of the bills was estimated. However, I've looked at the calculations made by the letting agent and while Miss S paid £521.14, the tenant paid over £400 – so I'm satisfied that the bills were shared. The estimated reading was in January 2022 and was taken into account in the following bill, so I don't think this has produced an inaccurate result overall.

British Gas has also commented that if the electricity bill went up then the gas bill should have gone down. However, there is no gas at the property.

I've seen confirmation from the letting agent that Miss S paid £521.14 in total towards the utility bills and so I think it fair that British Gas reimburse this sum to her with interest at 8%.

Tenant moving out

Miss S's tenant moved out of the property before the end of the tenancy. Miss S says that

this was because of the problems with the hot water and that the property was then empty for two months before she got a new tenant in. This cost her £1,050 in lost rent.

I have to consider whether this is a loss which occurred as a result of British Gas's mistakes – and I don't think it did. I note that the tenant moved out over two months after British Gas resolved the hot water issues – and I've not seen anything to confirm that this was the sole reason the tenant moved. It's also not clear to me why there was a two month gap in finding a new tenant and I don't think it reasonable to say that this was the fault of British Gas.

I don't therefore think it would be fair to require British Gas to compensate Miss S for the two months' lost rent.

Compensation

Miss S says that the poor service she received caused her a lot of stress and she had to spend many hours liaising with British Gas engineers and her tenant trying to resolve things. Whilst Miss S wasn't directly affected by the lack of hot water, I accept that the situation must have been very frustrating. Her tenant was unhappy, and she had to try to sort out the hot water problems by appointing her own engineer. The problem went on longer than it should and so caused additional distress and inconvenience.

Miss S also complained to British Gas about a letter that was sent to her in the post. She felt that this could be considered discrimination under the Equality Act 2010 as she had instructed British Gas to communicate with her by email or telephone – and she had been unable to read the letter due to her disability. It's not the role of this service to determine whether British Gas breached the Equality Act 2010 as this is the job of the courts. However, I've taken the Equality Act 2010 into account when deciding this complaint – given that it's relevant law – but I've ultimately based my decision on what's fair and reasonable.

British Gas apologised to Miss S and explained that this was a standard letter following a complaint and was always sent by post. However, it acknowledged that its process was at fault and said that it was working to change this. I appreciate that the letter would have caused Miss S distress as she would need someone to read it to her. However, I don't think that British Gas intended to treat Miss S unfairly as the remainder of Miss S's communications were sent in her preferred format.

British Gas accepted that it had made mistakes and has already paid Miss S a total of £390 compensation. I think this sum is fair in all the circumstances and I won't be asking British Gas to pay any additional compensation.

My final decision

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

- pay Miss S £475 to cover the compensation she paid to her tenant;
- pay Miss S £521.14 for her contribution towards her tenant's utility bills; and
- pay simple interest at 8% on the above sums from the date Miss S made payment of these sums to the date the monies are reimbursed to her.

If British Gas Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss S how much it's taken off. It should also give Miss S 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 Miss S to accept or reject my decision before 13 April 2023.

Elizabeth Middleton
Ombudsman