

The complaint

Mr and Mrs R complains that British Gas Insurance Limited (BG) failed to provide an adequate service under their HomeCare policy and gave them very poor customer service.

What happened

I set out the background to the complaint within my provisional decision and also here.

'Mr and Mrs R moved to a house with oil-fired heating in June 2021. They said BG serviced the boiler and told them it was fit for purpose and insured it against failure or breakdown. The boiler stopped working in March 2022 and they contacted BG for an engineer to attend. They said they were passed from pillar to post as one operator or another either promised to solve the problem and send an engineer, or insisted that they weren't insured.'

BG wrote to Mr and Mrs R in March 2022 saying that from mid-April it wouldn't cover their oil-fired boiler and sent £50 as a gesture of goodwill and a refund of premiums. BG has subsequently said this letter was sent in error. Mr and Mrs R said BG put them in touch with another firm who it said would take over the work, but this firm knew nothing about it and only removed boilers that no longer worked. They said BG told them it would still pay for the repair of the boiler and asked them to contact a local firm. Mr and Mrs R did this but shortly after this work the boiler blew up damaging their home.

Mr and Mrs R said they were without heating or hot water while liability for the repairs was disputed. They said BG felt its liability was limited to compensation of £150, but not to insure and repair the boiler as it had previously promised. Mr and Mrs R said they'd paid BG for a service that it shouldn't have passed to a third party and it should acknowledge its shocking lack of customer care. They thought that had their boiler not broken down the policy would have continued with them unaware of the changed cover.

Mr and Mrs R said they spent countless hours trying to get some action from BG, including being put on hold, and calls terminated. And endured an exploding boiler with damage to their property, leaving them without heat and later hot water. Mr and Mrs R said it was unfair they had to claim for the damage through their home insurance, increasing their premiums. They want proper compensation from BG for the distress and enormous disruption it has caused. And they said BG should have assigned the repair to a boiler engineer of its choice and not walked away as if none of the subsequent events had anything to do with them.

BG said it hadn't carried out a first visit as Mr and Mrs R had said, and it had no record of advising them that it would cover a third-party repair to their oil-fired boiler.

Our investigator didn't recommend the complaint be upheld. She said BG's records showed it cancelled Mr and Mrs R's policy the same day it was taken out, indicating it wouldn't cover oil-fired boilers, but didn't tell them until March 2022. She said it was a third party, not acting on BG's behalf that damaged the boiler and it wouldn't be fair to hold BG responsible for this. She said it wouldn't be fair to tell BG to cover a claim for a risk it hadn't intended to cover. She thought the £150 compensation BG paid Mr and Mrs R was fair for its poor service.

Mr and Mrs R disagreed, saying BG hadn't cancelled their contract in June 2021, but by letter with effect from April 2022. They said BG had acknowledged their cover and so was responsible for the repair of their boiler.'

My provisional findings and the parties' responses

In my provisional findings I said I intended to uphold the complaint.

I said that we wouldn't tell a business it has to maintain cover for a risk it no longer wants to insure, and so there was no reason why BG shouldn't decide to discontinue cover for oil-fired heating. I looked at how BG handled its communications with Mr and Mrs R about their policy and I thought it could have done a lot better.

BG said it amended Mr and Mrs R's policy to remove the boiler cover when it was taken out in June 2021, but an error meant it didn't tell them. I thought Mr and Mrs R had every reason to believe they still had the cover as BG's staff arranged for an engineer to attend the boiler before and after their claim. BG said it stopped selling cover for all oil-fired boilers at the end of 2021, and cancelled existing cover from 11 April 2022. And so it's not clear why it would have removed this cover from Mr and Mrs R in June 2021.

BG notified Mr and Mrs R that their policy would be cancelled on 11 March 2022, a day after they had requested help with their boiler. I asked BG if this had prompted it to cancel the policy, but BG said that it wrote to all its customers to give notice of the pending cancellation and refund premiums plus compensation of £50. BG has also said this letter was sent in error, but hasn't provided any explanation in response to my question about this. Our investigator thought that an administrative error meant that BG failed to tell Mr and Mrs R it had cancelled the policy in June 2021. But I couldn't see how Mr and Mrs R were to be aware of these errors.

Mr and Mrs R didn't think BG had the right to abdicate responsibility as insurer for their boiler before the policy cancelled in April 2022. I agreed as I considered BG to have affirmed the insurance contract beyond the date of the claim and so full rights to make a claim remained with Mr and Mrs R until cancellation took effect. I thought that BG should have treated the policy as in existence when the claim was made and responded according to the terms of the policy. And so I didn't think it was fair for BG just to refund the premiums and tell Mr and Mrs R to find an alternative boiler service.

Mr and Mrs R also said BG told them that it would cover their claim and they should find a third-party repairer for the boiler, which led to disaster when their boiler exploded. BG denied this and hasn't retained call recordings with Mr and Mrs R and so I haven't been able to identify any information given to Mr and Mrs R. But their boiler needed work and it seems reasonable to expect BG to have recommended a third-party professional. However, this didn't mean BG could pass liability for the boiler to that third party. The third party that Mr and Mrs R said BG referred them to knew nothing about the work and they had to look elsewhere. I didn't think BG was at all helpful here.

Because BG wouldn't accept liability for the damage, Mr and Mrs R claimed on their home insurance policy. This meant the damage got fixed and a new boiler was installed, but at a cost to Mr and Mrs R. I said I thought they would have paid an excess on their claim and higher insurance premiums. I said I thought BG should have dealt with Mr and Mrs R's claim, and either arranged a professional to fix their boiler or dealt with the consequences of the failed boiler service by the third party. I thought BG should make good Mr and Mrs R's losses.

I said Mr and Mrs R were without heating for two months and for some of this time they had no hot water, they also experienced the trauma of the explosion of their boiler. Although BG didn't consider that it had liability for what happened it has paid Mr and Mrs R £150 compensation for the poor service it provided. BG's records show over 50 outbound calls to Mr and Mrs R, including some dropped calls, and missed appointments by its engineers. Mr and Mrs R have provided a list of calls from March 2022 to BG about their boiler that took almost four hours in total. I could well understand Mr and Mrs R's frustration about the time taken in dealing with BG and lack of help with the problems they faced.

BG acknowledged the poor service it provided to Mr and Mrs R. I said that not providing an engineer or insurance cover under the policy caused Mr and Mrs R distress and uncertainty over how the situation would be resolved. In recognition of this I thought BG should pay Mr and Mrs R further compensation of £200 over and above the £150 it has already paid.

BG did not respond to the provisional decision. Mr and Mrs R said they were pleased they'd been listened to. They said they had no heating for almost eight months, not two months as I had said. They said their home insurer will try to recover payment of their claim from the third party's insurer but if that isn't possible their no claims discount will remain reduced from nine years to three, having a significant impact on their premiums, when they renew the policy at the end of February 2023. They said they had to pay £250 excess on the claim.

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 have reviewed all of the available communications between Mr and Mrs R and BG.

I acknowledge Mr and Mrs R's point about the amount of time they were without heating. This is the period I had taken account of rather than the two months I said in my provisional decision.

Since neither party has challenged the reasoning within my provisional decision, I see no reason to change it. In summary, Mr and Mrs R's policy and its cancellation was mishandled by BG and the effect of this upon Mr and Mrs R was compounded by very poor communications. I think BG gave Mr and Mrs R to understand that it retained liability for the problems with their boiler, as it should have given the existence of the policy at the time of the claim.

I remain of the view that Mr and Mrs R received very poor service from BG and that this caused them a prolonged loss of heating and hot water and distress concerning the damage to their boiler and possible repairs. I still think that BG should pay further compensation to Mr and Mrs R for the impact its poor service had upon them, and meet their increased insurance costs as set out below.

My final decision

For the reasons I have given above and in my provisional decision the complaint is upheld. I require British Gas Insurance Limited to:

- Reimburse Mr and Mrs R for the cost of the third-party repairer on production of an invoice to British Gas.

- Reimburse Mr and Mrs R for any losses from having made an insurance claim, including their excess payment of £250 and any higher premium to pay at renewal of their policy. Mr and Mrs R to provide British Gas evidence of these losses.
- Pay Mr and Mrs R further compensation of £200 for the distress and inconvenience it has caused them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R and Mrs R to accept or reject my decision before 2 February 2023.

Andrew Fraser
Ombudsman