DRN-3905027

The complaint

Mrs C complains about damage to her home caused by British Gas Insurance Limited when they carried out repairs to her boiler after she made a claim under her home insurance policy.

What happened

Mrs C has a HomeCare policy underwritten by British Gas Insurance Limited (BG), which covers her boiler, central heating and plumbing, amongst other things.

She made a claim when she was having trouble with her boiler. BG sent an engineer to assess the problem. To cut a long story short, due to his negligence, dirty water split into the house and on to Mrs C's upstairs carpets.

BG sent someone to try to clean the carpets, but this proved impossible. So, they offered Mrs C roughly half the cost of replacing her hall, landing and stairs carpets – which were laid continuously. They said they wouldn't pay the whole cost because the carpets were around 15 years old.

Mrs C wasn't happy with this and made a complaint to BG. She said she had no intention of replacing the carpets – which were still in good repair - prior to the incident, so BG should cover the whole cost. And she said the carpets in the hall, stairs and landing also matched the ones in her lounge and dining room, so BG should pay to replace them too given that an exact match was no longer available.

Mrs C wasn't happy with BG's response to her complaint, so she brought it to our attention. Our investigator looked into it. She thought BG should pay the whole cost of replacing the damaged hall, stairs and landing carpets (around £2,000) and cover half the cost of replacing the undamaged carpets in the dining room and hall (i.e. half of the further cost of around £2,500). And pay Mrs C £100 in compensation for her trouble and upset.

At that point BG offered to pay the whole cost of the hall, stairs and landing carpets (£2,000) but with no contribution for the lounge and dining room carpets – which they said were not continuous with the other areas of the house.

Mrs C didn't accept that offer. And our investigator maintained her position. So, BG asked for a final decision from an ombudsman.

I agreed with our investigator's view that the complaint should be upheld. But I disagreed about what BG needed to do to put things right. So, I issued a provisional decision. This allowed both Mrs C and BG the chance to provide further information or evidence and/or to comment on my thinking before I issue my final decision in this case.

My provisional decision

In my provisional decision, I said:

> "I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

There's no dispute here that the BG engineer caused the escape of water in Mrs C's house which led to the damage to her carpets. Mrs C says she had no intention of replacing he carpets in her house until that happened, and I have absolutely no reason to disbelieve her.

We take the view that insurers, when they are settling a claim relating to damage to one or more parts of a matching set of items, should replace the damaged items and pay half the cost of replacing the undamaged items. Because that appears to us to be the fairest way to resolve that kind of issue.

In this case though, BG aren't settling a claim for damage to an item or items which are part of a matching set. They're paying for damage caused not by an accident or insured event but by the errors made by their own agent.

Where that's the case, we take the view that usually we'd expect the insurer to cover the cost of replacing the whole set of matching items. Primarily because the damage is their fault. And, as Mrs C has pointed out, otherwise you have a policyholder incurring a cost they'd never planned or intended to incur, simply because of an error by the insurer or their agent which caused damage.

I should be clear then that if I believed that all of the carpets in Mrs C's house were a matching set, I'd be asking BG to pay the full cost of replacing all of them.

However, as present, given the information and evidence I currently have, I can't reasonably conclude that the carpets are all part of a matching set. I'll explain why.

I don't think there's any dispute here that the hall, stairs and landing carpets all match and are laid continuously, without any divide between them. For that reason, it would be unfair if BG had said, for example, that they'd replace the landing carpet alone, leaving Mrs C with a clear mismatch between landing and stairs.

But from what I can see from the limited photographs we have on file at the moment, the lounge and dining room areas are divided from the hall outside. There are, essentially, doorways between them, with door frames and – and this is the key point – dividers running across the doorway opening on the floor.

We take the view that usually, where rooms are divided in that way, the carpets either side of the divider are not part of a matching set.

I understand this will be disappointing for Mrs C given that she chose to have all the floors in the relevant parts of her house covered in the same carpet. And I understand that it might seem a somewhat arbitrary decision to draw a line based on whether there are room dividers or not.

However, I'd ask her to understand that the line does have to be drawn somewhere. It can't be fair to expect an insurer to pay to replace all of a house's interior furnishings, for example, because one small corner of a carpet or floor is damaged. And that leaves us with some difficult decisions to make about where to draw the line on matching sets.

If Mrs C has further evidence or photographs to persuade me that her carpets were in fact laid continuously and part of a matching set (according to our usual definition), she has the chance to provide that now in response to this provisional decision.

In the absence of any further persuasive evidence or argument though, my provisional decision is that BG should pay the complete cost of replacing Mrs C's hall, stairs and landing carpets. And pay her £100 in compensation for her trouble and upset. But I won't be asking them to make any contribution to the cost of replacing the lounge or dining room carpets.

For the sake of clarity, Mrs C had an estimate to replace her hall, stairs and landing carpets at a cost of £2,000. This was obtained some time ago. And Mrs C has pointed out to us that it didn't include the cost of replacing the underlay – which may be needed, at least in some areas.

I'm minded to require BG to pay the cost of replacing the carpet now (prices may have increased) – including any underlay that the carpet fitter believes is required, if Mrs C can provide them with an updated estimate. It goes without saying that the new estimate must be for the same carpet quoted originally."

For those reasons, I said that I was minded to require BG to pay the full (current) cost of replacing Mrs C's hall, stairs and landing carpets (with underlay if necessary) and to pay Mrs C £100 in compensation for her trouble and upset.

The responses to my provisional decision

BG responded to my provisional decision to confirm that the £100 compensation has been paid to Mrs C. They also said they would process any new quotation for the hall, stairs and landing carpets provided by Mrs C.

Mrs C responded in some detail. She disagrees with my provisional decision, essentially because she still doesn't think it's fair that she has to carry the cost of replacing her lounge and dining room carpets (in order to have them be an exact match for her hall, stairs and landing carpet) because BG's contractor made a fundamental mistake when he allowed the dirty water to escape whilst distracted by a phone call.

She says the use of a divider is a normal way to fit a carpet in rooms of different shapes and points out that given the shape of her lounge and dining room it would be impossible to fit a continuous carpet without dividers.

She thinks this a grey area – and some insurers would accept that a carpet was continuous even if there were dividers. And she says the divider between lounge and dining room is only there because adaptations had to be made to the house when her husband became seriously ill.

Mrs C says the carpets were all laid at one time and as a set – as she's shown by providing the order and receipt. And she sent a number of photographs to show that the carpets currently match and are separated only by slim dividers in the lounge and dining room.

Mrs C has also provided up-to-date quotations. These are for: the hall, stairs and landing carpet – at £2,600 including VAT; the lounge and dining room – at £3,025 including VAT; and underlay for all areas – at £750 (it's not specified as to whether this includes VAT).

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 understand Mrs C's arguments in response to my provisional decision - and I understand her frustration about the service she received from BG and their contractor. But nothing in her response to my provisional decision has caused me to change my mind about the appropriate outcome to this case.

I don't think there's any dispute that the rooms in question are separated by dividers. And that being the case, as I explained in my provisional decision, our view is that the carpets aren't part of a matching set.

So, I remain of the view that it wouldn't be fair to ask BG to replace the carpets throughout the house even though they were very clearly responsible for the damage to the landing carpet.

In terms of the estimates provided by Mrs C, the one for the lounge and dining room carpets isn't relevant, because I'm not going to ask BG to pay for those carpets. The one for the hall, stairs and landing has increased from £2,000 to £2,600. That's not surprising given the time elapsed and the current economic climate.

The one for the underlay is more problematic because it covers all of the carpets under one price - £750 (and it's not clear whether that includes VAT). And, in line with the above, I'm going to require BG only to pay for the hall, stairs and landing underlay.

Mrs C may wish to ask her provider to clarify how much of the £750 underlay costs relate to the hall, stairs and landing – and whether that cost includes VAT. And then provide that evidence to BG too.

Putting things right

As per my provisional decision, I'm going to require BG to pay for replacement of Mrs C's hall, landing and stairs carpets, at the price quoted to Mrs C by her provider – and for any associated underlay costs.

BG should provide a prompt cash settlement as soon as Mrs C provides them (not us) with the estimates.

I should clarify for Mrs C's information that BG would be entitled – if they wished - to pay any VAT element of that cost (which is easily calculable from the overall estimate) only on receipt of an invoice to show that the carpets have actually been bought and fitted.

BG have provided evidence that the £100 compensation for her trouble and upset has been paid to Mrs C. So, there's nothing more for them to do on that front.

My final decision

For the reasons set out above and in my provisional decision, I'm upholding Mrs C's complaint.

British Gas Insurance Limited must, on receipt of the relevant supplier's estimates from Mrs C, pay for the replacement of the carpets in Mrs C's hall, stairs and landing (including the cost of any associated underlay).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 14 February 2023.

Neil Marshall

Ombudsman