

The complaint

Ms F has complained that British Gas Insurance Limited won't cover the costs of undamaged matching carpets when she made a claim to her home insurer for damage she says it caused.

All reference to British Gas in my decision includes its agents.

What happened

In July 2022 Ms F contacted British Gas to repair a fault with her hot water tank. Works were carried out by an engineer. Shortly after the engineer left, the tank flooded water into Ms F's home from upstairs.

Ms F said she had matching carpet throughout her home. Her home insurer dealt with an escape of water claim and agreed to meet the costs of the damaged carpets only - not the undamaged carpets. As they no longer matched, Ms F decided to pay for the undamaged carpets to be replaced to match the replacements that were damaged by the escape of water. She says British Gas should reimburse her for these costs.

British Gas didn't agree. In response to Ms F's complaint, British Gas accepted responsibility for the flooding of water into Ms F's home from the repairs carried out by the engineer. It apologised and paid Ms F £200 compensation for the distress and inconvenience caused.

Ms F remained unhappy and asked us to look at her complaint. She said British Gas were unhelpful and told her she would need to make an escape of water claim to her main home insurance provider. She said British Gas advised it would only meet the costs of the heating system and plumbing element of the damage caused.

British Gas told us it was Ms F's choice to make a claim under her home insurance policy. It said it accepted responsibility for damaged carpets, but not undamaged carpets. It says Ms F's home insurer has settled Ms F's claim (but excluded replacing undamaged carpets) and is looking to recover the costs of the claim including Ms F's excess from their insurer.

Our Investigator thought Ms F shouldn't have needed to make a claim under her home insurance policy. He thought British Gas, having accepted responsibility for the escape of water, should have put things right by meeting Ms F's costs for rectification works.

The Investigator recommended British Gas increase the compensation it paid from £200 to £750. He recommended it reimburse Ms F for the costs to replace the remaining carpets to match the replacement of the damaged carpets.

British Gas didn't agree. It says it accepted liability for the damage. But the reason why Ms F made a claim under her home insurance policy was because she wanted the costs to replace undamaged carpets to be met, which British Gas didn't agree it was responsible for.

Ms F didn't agree. She said she wanted British Gas to cover her uninsured losses and put her back in the position she was in before it caused the damage by meeting the costs to replace undamaged carpets to match the replaced ones. She said she knew her home insurer wouldn't cover her uninsured losses.

British Gas said Ms F's home insurer is looking to recover the costs of Ms F's claim from their insurer - and this is ongoing.

I issued a provisional decision on 14 February 2023. I thought British Gas should pay compensation of £750 and I didn't think it should have been necessary for Ms F to have made a claim against her home insurance policy - as British Gas was responsible for the event and the poor service that flowed from its handling of the incident. But I didn't think it reasonable for British Gas to meet the costs to replace undamaged carpets through the rest of Ms F's home.

British Gas accepted my provisional decision. Ms F didn't agree. I've addressed her comments in my findings below.

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.

British Gas has told us that their insurer is dealing with Ms F's home insurer in relation to recovering the costs of the claim from them. And it's told us - as Ms F has confirmed - that her home insurer hasn't met the costs to replace all of the carpets in her home. It has met the costs to replace the damaged carpets.

So - as an insurer will only meet the costs of incident related damage - it seems there was no benefit to Ms F making a claim under her home insurance policy. In fact, as she now has a claim under her policy, this may have an impact on future premiums, and it's possible Ms F may be worse off. And the decision to make a claim under her home insurers meant the repairs were delayed. Ms F had to pay an excess as the first part of the claim and will have to wait for successful recovery of the costs from British Gas' insurer before a refund can be considered by her home insurer.

In response to the Investigator's view, British Gas says it didn't direct Ms F to her home insurers and accepted liability for all of the damage caused - this was a decision she made because she wanted British Gas to meet the costs to replace undamaged carpets.

Our Investigator asked British Gas to provide evidence to support its disagreement with what was discussed with Ms F, by way of a call recording or email to Ms F confirming what British Gas said it would cover. Without such evidence, the Investigator found Ms F's account plausible as to why she approached her home insurer.

In response, British Gas accepts it hasn't provided evidence of what it told Ms F. But it says Ms F hasn't provided evidence either. I think it's reasonable to expect British Gas as a business rather than Ms F to hold evidence such as a call recording

So without a recording of the key call(s) to listen to or an email to Ms F confirming the agreement of what it would cover, on the balance of probabilities I think it's more likely than not that Ms F contacted her home insurers based on the information British Gas gave her . And that this information led her to believe British Gas would pay only for the heating system and plumbing elements covered under her policy. In other words, that British Gas didn't agree to meet the costs of damaged carpets. I haven't seen anything to show me that the reason why Ms F approached her insurers was to have the costs of undamaged carpets to be met - which wasn't covered in any event.

In response to my provisional decision, Ms F says British Gas only responded when a contractor emailed it to describe the damage, the repair(s) and explained that Ms F had been without hot water for 13 days.

I agree with Ms F that British Gas caused unnecessary delay and upset - I think Ms F's home could have been repaired much sooner and been clear about what it would cover with arrangements to put things right. Ms F has described the impact the delay due to making a claim with her home insurer has had on her. She says she had to contact her GP due to stress, she was working from home, and was left with concrete floors and no electricity and hot water for a couple of weeks. As I've said, I don't think it was necessary for Ms F to have had to make a claim under her home insurance policy. British Gas has agreed to pay the recommended compensation for the distress and inconvenience it caused Ms F.

In my provisional decision I said British Gas had reimbursed Ms F for the costs she paid for temporary equipment while she was without hot water. Ms F says British Gas didn't pay this to her. She provided email exchanges between her and British Gas in August 2022. Here, British Gas asked Ms F to provide receipts for the items and that it would need confirmation from the home insurer that it wasn't including these costs.

I've checked what British Gas said in its final response letter dated 5 September 2022. It wrote:

"Our claims team have advised they can refund you a total of £134. 48. This covers your claim for the camping shower, bucket and bathroom mats. You have advised you do not accept this refund, so they will not be processing this unless you contact them to change your mind."

I apologise for the confusion I caused in my provisional decision as I wrote that British Gas had reimbursed this payment. If Ms F wishes to accept reimbursement of this amount, she can contact British Gas in line with its final response.

With claims involving matching sets, we take the view that an insurer should replace the damaged items and pay half of the cost to replace the undamaged items. We think this is fair.

British Gas in this case isn't paying for damage caused by an insured event, but due to an error by its agent. We would therefore usually take the view that the business cover the cost of replacing the whole set of matching items. Primarily, because the damage is their fault.

So - if I believed that all of the carpets in Ms F's house were a matching set, I'd ask British Gas to pay the full cost of replacing all of them.

However, I've seen photos provided by Ms F and her home insurer showing me the carpets before and after the replacement. The photos show me that the carpet isn't laid continuously throughout the house. There are dividers between them. The dividers are key - as they run across the doorway opening between the rooms.

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.

Ms F says that as far as she is aware, all rooms have dividers between them. She believes her case shouldn't be treated as an insurance claim, but as an uninsured loss which British Gas should pay for as it has breached its contract.

I understand Ms F chose to have the undamaged carpets replaced to match the damaged ones at her own cost. It may seem arbitrary to draw a line based on whether there are room dividers or not. But in my provisional decision I asked Ms F to consider that a line has to be drawn somewhere and that we look at what is fair and reasonable overall. I don't think it fair to expect British Gas to pay to replace all of the carpets in Ms F's home when some rooms - and the carpets in those rooms - were unaffected by the damage caused by the escape of water.

Ms F has asked why the line shouldn't be drawn in her favour in light of the poor service she received from British Gas. But the poor handling of the incident - and the request to have the

costs of undamaged carpets met - are different things. I've addressed the poor handling of the incident separately in my decision.

I understand Ms F doesn't agree with my view here. She believes my decision is in British Gas' favour. But I think British Gas isn't responsible for paying the costs to replace undamaged carpets - separated by dividers across other rooms - that were unaffected by the damage as they did not form part of a matching set.

My final decision

I uphold this complaint in part. I require British Gas Insurance Limited to pay Ms F a further £550 compensation to reflect the distress and inconvenience caused by Ms F making a claim under her home insurance policy for damage caused by British Gas's agent. This is in addition to the £200 British Gas awarded (and should pay if it hasn't already paid) for its poor handling of the incident.

This brings the total compensation award to £750.

British Gas Insurance Limited must pay the compensation within 28 days of the date on which we tell it Ms F accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

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

Geraldine Newbold
Ombudsman