

The complaint

Mr M complains that British Gas Insurance Limited (British Gas) declined to replace pipework connected to his heating system following a claim under his home emergency policy.

What happened

Mr M says that in April 2022 he advised British Gas that three radiators weren't working in his house. He says the engineer who attended told him the system should be flushed as there was likely to be a blockage in the pipes. Towards the end of June, he says he arranged for a third-party to flush the radiators. This didn't resolve the problem. Mr M says his engineer thought the pipes would need to be replaced. Alternatively, a different flushing process could be attempted, but he says this wasn't advised.

Mr M contacted British Gas again and its engineer agreed the pipes would need replacing. He was told this wasn't something that was covered by his policy and would be a "chargeable" upgrade. He says he was called the next day and told British Gas couldn't do the upgrade because the pipes were "microbore". Mr M says the policy terms don't mention different types of pipework.

Mr M says damage caused by sludge/scale isn't covered if he's been told to carry out a power flush. He says he did this, so this clause is no longer valid. He points to the policy terms that say repairs are covered to, "*the pipes that connect the central heating system*". Mr M didn't think British Gas had treated him fairly and referred his complaint to our service.

Our investigator didn't uphold his complaint. She thought British Gas acted fairly when declining to replace the pipework. This work was necessary due to damage caused by "*limescale, sludge or other debris*". She highlighted the policy term that excludes cover for damage caused in this way.

Mr M didn't agree with this outcome and asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

I issued a provisional decision in February 2023 explaining that I was intending to uphold Mr M's complaint. Here's what I said:

provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so my intention is to uphold Mr M's complaint. Let me explain.

I've read the system records provided by British Gas. These show that several engineers visited him in 2022. The records refer to attempts to remove a blockage, affecting three radiators. The notes show that new pipework was thought necessary, and Mr M was

advised of this.

I've also read the invoice Mr M received from his engineer in June 2022. This describes the work completed, which involved draining and flushing radiators, and removing/checking valves. The engineer suggested trying to "back-pressure" the pipes to push the blockage backwards. The engineer states there is no guarantee that this will work but possibly worth a try. I note Mr M didn't agree to this. He comments that this wasn't something that was advised.

Mr M also supplied the invoice he received from the engineer that eventually replaced the pipework, alongside some other work. This came to £1,700.

In its complaint response British Gas refers to replacing pipes as upgrade work. And that the blockage was caused by sludge and scale, which is excluded under its policy terms. I've read the policy terms to understand what cover is provided. The terms say:

"What's covered: All repairs to the heat and hot water system on your property, for example:

- the pipes that connect the central heating system.*
- a replacement of parts of your central heating if we can't repair them"*

And:

"What's not covered

Damage caused by limescale, sludge or other debris – if we've told you before that you need to carry out repairs, improvements or a British Gas Powerflush, or a similar process but you haven't done so".

Under the "General Exclusions" section the policy terms say:

"Making any improvements

Your product only includes repairing or replacing your boiler, appliance or system when it stops working properly – it doesn't include any improvements or upgrades for example: replacing smoke alarms that are past their recommended replacement date or expiry date, replacing working radiators, swapping standard radiator valves for thermostatic ones or replacing electrical cables and fuseboards that still work."

The terms say damage caused by limescale and sludge isn't covered. But this only applies where British Gas has told Mr M a power flush is needed - and where he hasn't acted on this. Mr M paid for a power flush to be completed as advised. The same issue with a likely blockage was found after this was done. So, I don't think this exclusion can apply here.

I've thought about British Gas's reference to replacement pipework representing an "upgrade". The terms exclude upgrades and give several examples of what this is considered to include. I note replacement pipework isn't stated as one of the examples. The examples of upgrades listed refer to replacing items that are still working. In these circumstances I don't think replacement pipework falls into this category.

British Gas diagnosed a blockage, which is causing the issue with some radiators not heating up. The solution it proposed is to replace some pipework. I note its reference to "microbore" pipework in place at Mr M's property that it isn't able to fix. But there's no reference in the policy terms to microbore pipework or that this is excluded from repairs. Based on this evidence I don't think British Gas has shown its policy terms allow it to decline the repairs Mr M claimed for.

British Gas's policy doesn't cover the cost of a power flush, so I don't think it should have to pay for this. Similarly, the installation of a new filter by Mr M's engineer in September 2022 is an upgrade to the system. So, again this isn't covered by Mr M's policy. But I think it's fair that British Gas pays Mr M for the remaining repair costs he incurred to repair his heating system.

I've thought about the impact British Gas's decision to decline Mr M's claim had on him. I'm glad he was able to pay for the repairs to be carried out independently. However, it was clearly a frustration that he had to arrange this himself when his policy should've covered the repair work. To acknowledge this, I think British Gas should pay Mr M £100 compensation.

I said I intended upholding Mr M's complaint and British Gas should:

- pay the cost of the pipework repairs shown on the invoice Mr M received minus the charges for the power flush and the addition of a filter; and
- pay Mr M £100 compensation for the frustration it caused him.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Mr M provided a more detailed invoice that showed the cost of the pipework repairs came to £1,000. He asked that this be considered in my final decision.

British Gas responded to say it was disappointed with my provisional decision. It says the work detailed in Mr M's invoice isn't covered by his policy. It says the pipework is not faulty it has sludge in the system which is causing blockages. It says this is a common characteristic of microbore pipework due to its small diameter, which means its prone to blockages. British Gas says the reason for the blockage is a design fault which is not covered and would be considered upgrade work.

British Gas refers to the following terms and conditions from Mr M's policy in support of its comments:

"Pre-existing faults

Your products don't include cover for any faults or design faults that:

- *were already there when your boiler, appliance or system was installed;*
- *existed when you first took out the product;*
- *we've told you about before and you haven't fixed, or, if the work has been completed by a third party, where work, in our opinion, has not been completed to a satisfactory standard"*

British Gas says it chose not to flush this type of pipework. It says it has every right not to do chargeable work it isn't comfortable with. It says its engineers followed the correct protocol by recommending a chargeable power flush as the first point of call to rectify the issue.

British Gas says the power flush was carried out by a third party. It says it is this company's responsibility to either re-flush the system or the next option would be to re-pipe the system. It says both of these options are considered upgrades, both of which it recommended and are not covered by Mr M's policy.

British Gas says that chargeable upgrade work was required to resolve Mr M's issue, and this was upgrading his heating system. It doesn't think it should have to pay for the cost of this work.

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 note British Gas's comments to the pipework being of a microbore design, and that the issue is due to sludge. However, its policy terms say it will cover repairs to pipes that connect the central heating system. There is no reference to microbore pipework – or mention that this is excluded from the policy cover.

The policy terms say cover isn't provided where a power flush or similar process has been advised and hasn't been carried out. But in this case Mr M had carried out a power flush following the advice given to him by British Gas.

In its comments British Gas refers to a design fault with Mr M's heating system. This is with respect to the microbore pipework that's in place in his home. It refers to the section of its policy terms relating to pre-existing faults and design faults. I can't see that microbore pipework is mentioned anywhere in the policy terms. I also haven't seen evidence that the use of microbore pipework can reasonably be considered a design fault. I understand British Gas's comments that this type of pipework can be prone to blockages, due to its small diameter. But this doesn't demonstrate it can't be used or that it should be considered a design fault if it is, as British Gas suggests here.

I do agree with British Gas that its policy doesn't cover the cost of a power flush, which is why I don't think it should pay Mr M for this work as I set out in my provisional decision.

But British Gas is relying on its policy terms that say upgrade work isn't covered, in order to decline to pay for replacement pipework. As highlighted in my provisional decision the terms say a repair or replacement will be undertaken where the system stops working properly. This is what happened in Mr M's case. What constitutes an upgrade in the policy terms is the act of replacing a working, but older, component or item, with a new one. Such as working radiators, valves, or smoke detectors. I don't think the pipework, which is described as the problem here, reasonably falls under this definition.

I acknowledge British Gas's view that the repairs to Mr M's heating system, by replacing sections of pipework, constitutes upgrade work. But I don't think it can reasonably rely on the policy terms it has, to decline cover for the cost of this work. Because of this I'm not persuaded that I need to change my decision.

My final decision

My final decision is that I uphold Mr M's complaint. British Gas Insurance Limited should:

- pay the cost of the pipework repairs shown on the invoice Mr M received minus the charges for the power flush and the addition of a filter (Mr M has shown this cost £1,000); and
- pay Mr M £100 compensation for the frustration it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 May 2023.

Mike Waldron
Ombudsman