

The complaint

Mr R complains about British Gas Insurance Limited's ('BG's') handling of his HomeCare claim.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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.

BG couldn't repair the fridge freezer. Under the policy terms, it was therefore required to contribute towards a replacement (sourced from its own supplier). It would pay 100% if the appliance was under three years old, or 30% if three years old or more. It would not cover the installation cost.

BG has said it was only required to pay 30% contribution towards the new appliance. Mr R hasn't disputed this, so it appears to be accepted that the appliance was three years old or more.

However, BG offered 100% contribution, plus installation. That was because BG recognised that it had provided Mr R with a poor service when it was attempting a repair. For completeness, I would agree. BG had arranged a number of engineer appointments - this caused Mr R inconvenience as he didn't live at the property. Its engineers also missed some of those appointments. Also, when BG found out that one of the parts needed to fix the appliance was no longer available, it delayed telling Mr R this. Mr R also had to make several phone calls to BG.

It's therefore apparent that Mr R was caused unnecessary inconvenience by this matter. Mr R also had to borrow a fridge. To be clear, I haven't taken into account any inconvenience caused to Mr R's family members, as they are not eligible complainants under our rules.

The cost of the new appliance, plus installation, was £624. Under the policy terms, BG was only required to pay £156. Mr R is therefore £468 better off as a result of BG's offer. I agree with our investigator that this offer was reasonable, and reflects the inconvenience Mr R was caused by the matter.

BG's call notes with Mr R on 5 August 2022 said that BG had offered him £50 towards the cost of a mini fridge. That was because he told BG that his family member needed a fridge in which to keep medication. However, Mr R has told us that BG didn't make this offer.

I haven't been provided with the call recording and so I can't be certain either way. Though given that Mr R already had use of another fridge which he had borrowed, he didn't need to purchase a mini fridge for his family member. I therefore doubt he would have made use of

the offer if it had been made. Whilst Mr R wants BG to now pay him the £50, I see no reason to require it to do so, as he didn't buy a mini fridge.

Although Mr R wants BG to return his premiums, I don't require it to do so. As our investigator has explained, in making a successful claim, Mr R has had use of the policy and so it would not be appropriate for BG to refund his premiums. Mr R chose to renew his policy in August 2022 for the following year, which was of course up to him.

Mr R says that BG hasn't paid him the £624 compensation. I understand that two cheques were sent in October and November 2022 when BG responded to the complaint. However, these were sent to the insured address rather than Mr R's address. I can't see that Mr R was informed of this. So it wasn't Mr R's fault that he didn't receive this payment.

Given that BG sent the cheques to the wrong address (which have not been cashed), it should make the payment directly to Mr R. BG should also pay interest on this. Mr R had always wanted to accept the 100% contribution plus installation. Therefore, BG's error in sending the cheques to the wrong address meant that Mr R has been denied the use of this money.

This Service would normally award interest at a rate of 8%. Mr R says that he purchased the new appliance on his credit card and paid a higher rate of interest. However, I don't think he needed to do this. BG had offered to purchase a replacement appliance through its supplier, but Mr R chose to buy one himself. It would therefore not be reasonable to require BG to pay a higher rate of interest in these circumstances.

My final decision

My final decision is that British Gas Insurance Limited's offer to pay £624 was fair. However, I find that it should pay interest on this.

So my decision is that British Gas Insurance Limited should pay £624. Interest should be added at the rate of 8% simple per annum, from the date it offered the 100% contribution to the date of settlement.

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

Chantelle Hurn-Ryan
Ombudsman