

The complaint

Mr C complains that British Gas Services Limited (BG) sold him an appliance insurance policy without knowing whether parts were available for any repairs he might need.

What happened

In 2011, Mr C bought HomeCare Four boiler cover underwritten by British Gas Insurance Limited for his tenanted property. The policy also provided cover for gas appliances - the fire and hob. As Mr C's complaint is about the information provided at sale and renewal of a product, I've considered his complaint against the administrator, British Gas Services Limited.

In 2022, BG said it was unable to repair Mr C's damaged gas fire because the parts were obsolete. He complained that BG had sold him a policy without knowing whether it would be able to provide the cover for his gas appliances. BG confirmed that it had information about boiler parts availability, but it didn't proactively check availability of parts for appliances.

Mr C didn't think BG's response was good enough. He said he'd been paying for appliance cover since 2011 and for all that time BG wouldn't have known whether it could repair or replace parts. He asked for a refund of the premium for his gas fire cover dating back to the start of the policy.

BG refunded the premium to the start of the policy year in line with the terms and conditions, but it didn't think a refund of the premium for previous years was due. That's because the policy had provided cover during those years, including annual checks.

Mr C remained unhappy and brought his complaint to us.

Our investigator didn't think BG had done anything wrong because it refunded the premium in line with the policy.

But Mr C didn't agree. He stressed that his complaint was about BG selling him the policy without knowing if it could fulfil its responsibilities under it. Mr C wanted BG to refund all premiums relating to his appliance cover from the start of the policy, totalling around £1,000.

I issued a provisional decision in June 2023 explaining that I was intending to not uphold Mr C's complaint. Here's what I said:

provisional findings

I've provisionally decided not to uphold Mr C's complaint. I've concentrated on Mr C's complaint that BG mis-sold the policy.

Rather than repeat the detail of the complaint, I'll focus on giving the reasons for my decision. Our rules don't require me to comment on every piece of information, but I will make reference to specific items where I think it will help me explain my decision.

The key issue is that after finding his gas fire couldn't be repaired under the policy because parts were obsolete, Mr C complained BG had sold him a policy without knowing whether it could fulfil its responsibilities. Mr C has been quite clear in saying his complaint is not about whether BG handled his annual service and offered a refund in line with the terms and conditions of the policy: rather he doesn't think BG made him aware of possible limitations on cover and therefore it mis-sold the appliance cover.

Evidence of the original sale hasn't been provided, although I've seen the renewal documents for policy year 2022. In its response to Mr C, BG doesn't claim to check for availability of appliance parts, so I have no reason to doubt that BG renewed Mr C's policy each year without knowing whether the gas fire parts were obsolete.

Because of this, Mr C thinks BG mis-sold the policy to him. That is, he thinks he was paying for cover for the gas fire BG might not ever have been able to repair.

I've looked at the policy booklet to see what cover BG sold to Mr C, concentrating on the matter of the gas fire cover. The appliance cover includes an annual service which is a requirement for tenanted properties. It also gives detail of what BG will do if a repair is needed but original parts aren't available. This includes sourcing different brand products with similar functionality.

In the event that the appliance is no longer serviceable, the relevant policy premium will be refunded back to the last service or the start of the policy year.

I've thought about what Mr C said regarding BG's ability to check for availability of parts before selling the policy. Even if BG did complete a check at the point of sale, parts can become obsolete at any time. And given the range of appliances and generic parts available, it wouldn't be reasonable to expect BG to routinely check at each sale or policy renewal for parts that might never be needed.

So, having considered the evidence available and what I think is reasonable in the circumstances, I'm minded to conclude that BG didn't unfairly sell Mr C a policy. The policy it sold to him provided the annual service checks required of landlords offering a property for rental. If the appliance had been deemed obsolete at any point, the premium would've been refunded to the start of the policy year. So Mr C wouldn't have been charged for a service that BG couldn't provide. This is what happened at Mr C's 2022 annual service.

For these reasons, I don't think the evidence supports Mr C's view that the policy was mis-sold, so I don't plan to ask BG to refund his premium back to the start of the policy in 2011.

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

BG didn't have any further comments to make.

Mr C didn't agree with the outcome. He said BG collects premiums despite not knowing

whether it can provide cover for the appliance. Therefore, Mr C thinks BG's actions will only change in response to a financial penalty or a contractual change in wording.

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.

Mr C hasn't changed his view and he still believes BG is mis-selling its policy. In my provisional decision, I explained why I didn't think it was unreasonable for BG to check availability of boiler parts but not all other gas appliances. I also pointed out that the policy provides for an annual appliance safety check, which BG does carry out. I know Mr C would like BG to include a number of statements at policy sale to explain that it doesn't know whether a particular gas appliance will be covered. But as I've already said, given the wide range of appliances, and the fact that Mr C held his policy for over ten years, I wouldn't reasonably expect BG to check availability of parts until needed. I'm satisfied its refund of premiums back to the renewal date is built into the terms and conditions to address this.

If the appliance passed the safety check the year before, it was working. So BG had provided the policy cover for Mr C that he paid for up to that point. As is the case here, when BG became aware it wasn't working, it offered to refund that year's policy premium for the appliance cover. This indicates to me that Mr C hasn't lost out financially because of anything BG did or didn't do, so I have no reason to uphold the complaint.

I've noted Mr C's comment that BG will only behave responsibly if subject to a financial penalty. It's not within my remit to penalise BG. My role is to look at the individual complaint and, where appropriate, to put things right. Here, I note BG refunded the premium in line with the policy, so I can't say it treated Mr C unfairly.

I've noted but I won't address Mr C's comment about how he would deal with the operational process and who he'd deem responsible for getting things sorted out.

Finally, Mr C said in the absence of a financial penalty he'd like me to demand that BG changes its policy wording to reflect its lack of certainty that it could repair gas appliances.

I've looked again at the policy. On page 15, BG sets out what it will do under the heading of *Kitchen Appliance*. Further, on pages 30 and 33, BG explains when it can cancel the whole, or part of, the policy. This includes when, *we can't find the parts we need to repair your boiler, appliance or system, despite our attempts*.

Taking the policy conditions into consideration alongside the fact that Mr C first took out his policy more than ten years ago, I don't think it's unreasonable that BG couldn't have said at the point of sale that it might not be able to repair Mr C's appliance. The parts may have been available then and only recently become obsolete.

I understand Mr C is aware of this, but he thinks BG should make it much clearer in its contracts. I can only ask BG to do something in direct relation to Mr C's complaint about his policy, so I won't be making a demand of BG as Mr C requests. That said, BG is aware of Mr C's suggestion.

Overall, my view remains the same. I'm satisfied that BG handled Mr C's claim in line with the policy terms and conditions, so I see no reason to ask it to do any more.

My final decision

For the reasons I've explained above, and in my provisional decision, I don't uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 July 2023.

Debra Vaughan
Ombudsman