

## **The complaint**

Mr B has complained that British Gas Insurance Limited (BG) failed to repair his boiler under an insurance policy he believed he had with it, and that a boiler service he had had three months previously was inadequate. He had to pay for a new boiler.

## **What happened**

Mr B was offered a policy from BG covering his boiler and controls for £3 a month for 12 months. He decided to accept this offer. BG wrote to him on 12 January 2023 and confirmed that cover was in place.

On 31 January 2023, Mr B's boiler developed a leak. He had it checked by a third-party engineer who advised that the boiler was beyond repair. As he needed a working boiler as a matter of urgency, he arranged for a new boiler to be installed at a cost of £2,650. BG rejected his claim for the cost of this.

BG says that the new policy never took effect. It says that it contacted Mr B on 20 January 2023 as there was an issue with setting up his direct debit for the payment of the £3 a month payment plan and asked Mr B to contact it. This he did on 24 January 2023, but there was still a difficulty in setting up the direct debit and Mr B was told that he'd be called back. He didn't receive a call back. BG has said that as it didn't secure Mr B's bank details to initiate his monthly payments, his policy was never effective.

Mr B maintains that BG confirmed that he was covered and therefore there is a binding contract in place and that BG is in breach of this in failing to repair or replace his boiler when it developed a serious fault.

BG maintains that even if the policy had been in effect, it's probable that had its engineer attended on 31 January 2023 he would've come to the same conclusion as the third-party engineer, namely that the boiler was beyond economical repair and that a new boiler was needed. It pointed out that the new policy, had it been effective, wouldn't have covered replacement of his boiler.

Mr B says that his boiler had undergone a Gas Appliance Check on 20 October 2023 for which he paid £29. BG says that this check didn't reveal any issues at that time and that a component failure three months later couldn't have been predicted. Mr B says that this service should've picked up wear in the boiler and had it done so, his boiler might not have needed replacing. He argues that a repair to the boiler might've been possible, even though it may have been uneconomic.

Mr B wasn't happy with BG's rejection of his complaint and brought a complaint to this service. He says he wants to be put into the position he would've been in had BG not breached the contract he says it entered into with him.

Our investigator's view was he didn't consider that Mr B had suffered a loss as a result of BG's actions. He said that if BG had called Mr B back to sort out the payment issue relating to his new policy and this had been in place, he was satisfied that BG would've deemed Mr

B's boiler beyond economical repair, and Mr B would've had to have bought a new one regardless of insurance cover being in place.

He therefore couldn't say that BG was liable for the cost of Mr B's new boiler, and he wasn't going to ask BG to pay for it. He also explained that as this service can't consider service agreements as these don't fall within the scope of the powers given to this service by the Financial Conduct Authority, he couldn't comment on whether or not the Gas Appliance Check was conducted adequately.

Mr B doesn't accept our investigator's view so his complaint has been referred to me as an ombudsman for a final decision from this service.

### **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.

Having done so, I'm not upholding Mr B's complaint and I'll explain why.

I should firstly deal with what I can't give an opinion on. As our investigator has rightly said, this service doesn't have the power to consider a complaint arising from a contract for services such as Mr B's Gas Appliance Check. In any event, this was not a service provided by British Gas Insurance Limited but by a different entity. I'm therefore not able to address Mr B's complaint insofar as it relates to an inadequate service visit.

But I can give an opinion on Mr B's complaint in relation to the insurance contract he maintains he had with BG.

I've looked at the terms of Mr B's policy, and specifically those relating to Boiler and Controls cover, this being the level of cover that Mr B intended to take out with BG in January 2023. These terms appear on page 10 of the HomeCare Range Terms and Conditions booklet. These state that the policy covers repairs to gas boilers. They also state that the policy covers a boiler replacement if a boiler can't be repaired, but replacement is subject to a number of conditions. These state that BG will provide the following:

*"A replacement for your boiler if we can't repair it and:*

- it's less than seven years old; or*
- It's between seven and ten years old, we installed it and it's been continuously covered by us under either a warranty or HomeCare product; or*
- it caught fire or exploded, providing you gave us access to carry out your annual service within every period of agreement*
- customers need to contact us if a third party has deemed a replacement is necessary before they replace it. We require the opportunity to assess and determine if a repair can be made before a replacement or a contribution to a replacement is provided."*

I don't believe that any of the above conditions apply in Mr B's case. Therefore, in my view, even if there had been a valid and binding contract of insurance between Mr B and BG, the terms of the contract relating to boiler replacement have not been satisfied.

However, Mr B argues that BG could potentially have repaired the boiler even though this might have been uneconomical. He points out that the Terms and Conditions say that "all repairs" will be undertaken without any reference to economic viability.

BG has said that had one of its engineers attended to investigate the water leak, they would've been likely to have come to the same diagnosis as Mr B's third-party engineer, namely that the boiler was beyond repair. I consider that to be arguable. But it doesn't fully address Mr B's point that BG should've investigated whether a repair was possible. In my view, the Terms and Conditions of the contract address that point. I'll quote the relevant term again:

- *"Customers need to contact us if a third party has deemed a replacement is necessary before they replace it. We require the opportunity to assess and determine if a repair can be made before a replacement or a contribution to a replacement is provided"*

I consider that to be a reasonable condition, and that BG can't be held liable for the cost of a new boiler if it wasn't able to assess whether a repair was possible.

I therefore conclude that BG hasn't acted unreasonably in rejecting Mr B's claim that it covers the cost of his new boiler with interest. If there was no binding contract between Mr B and BG covering his boiler and controls because no payment had been made, then Mr B cannot claim a breach of contract. If there was a binding contract, BG is not in my view responsible for the cost of replacing Mr B's boiler because the conditions for boiler repair and replacement contained within the policy were not met.

### **My final decision**

For the reasons I've given above, I can't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 12 December 2023.

Nigel Bremner  
**Ombudsman**