

## **The complaint**

Ms L complains about how British Gas Insurance Limited handled and settled a claim she made following an escape of water at her home.

Ms L is represented by her sister in bringing this complaint. But for clarity – I'll refer to all submissions as being made by Ms L directly.

## **What happened**

Ms L holds a HomeCare policy which is provided by British Gas Insurance Limited (BG). This policy provides cover for issues relating to plumbing, drains and home electrics.

In September 2021, Ms L asked BG to attend her home to resolve a leak from her bedroom radiator. An engineer visited Ms L's property on BG's behalf on 30 September 2021 and undertook a repair to the radiator valve. BG states this resolved the leak.

Following this visit, Ms L reported that water had started leaking again from her bedroom radiator. So, a further visit from BG's appointed engineer was arranged. This engineer re-attended Ms L's home on 12 October 2021. The engineer informed Ms L that a new radiator valve would be required to stop the leak, which would have to be ordered.

On 19 October 2021, BG's engineer returned to Ms L's property. It says the engineer fitted the new part and completed the repair to the bedroom radiator. However, due to the condition of the radiator the engineer recommended that it be replaced as it had rusted underneath.

BG states Ms L was informed the radiator shouldn't be used. However, Ms L disputes what BG says about this visit; she states the engineer applied some plumbing tape to stop the leak and didn't give any advice not to use the radiator.

Later that day, there was a significant escape of water from the draining valve on the bedroom radiator. Ms L said this occurred when she turned the radiator on. She stated this led to water damaging the flooring within the bedroom and leaking into the living room below, which caused substantial water staining to the walls and ceiling of the room below the bedroom – namely the living room.

Ms L reported this incident to BG promptly and was informed that an engineer would attend on an emergency basis, but this would be within a 4 hour time slot. Due to the quantity of water escaping from the radiator, Ms L was unable to wait 4 hours and instructed an independent plumber to attend her property. She incurred a cost of £350 in instructing the plumber, which BG subsequently reimbursed.

Ms L explained that the escape of water caused damage to the living room walls and ceiling was subsequently remedied by painting, which removed the staining. However, the damage to the flooring remains unresolved.

Ms L obtained two quotes from flooring companies who confirmed the lowest cost to replace the carpet and underlay would be £1913. Ms L contends that, in addition to the carpet, the underlay needs to be replaced because it's mouldy due to water damage. In contrast, BG said it appointed a carpet expert, who I'll refer to here as "R", to assist it in managing this claim. It said R assessed the integrity of the underlay and confirmed its condition was intact, undamaged, and reusable.

BG informed Ms L that only the carpet required replacement and offered to settle this claim by replacing the carpet or, in the alternative, cash settling in the sum of £956.16 plus VAT, which it said was the cost it would incur if R replaced the damaged carpet.

Being dissatisfied with how BG intended to resolve this claim, Ms L declined its settlement offer and complained. In addition to her concerns about the condition of the underlay she stated the offer to replace the carpet was unreasonable as it was based on an inferior quality replacement.

When BG responded to Ms L's complaint it didn't uphold it. It said it wasn't willing to replace the underlay because of R's assessment. And it said the replacement carpet offer had been on a like for like basis. So, it maintained that the settlement it had proposed was fair and reasonable.

Ms L wasn't happy with how BG had dealt with her complaint and complained to our service. She asked our service to direct BG to pay her £1913, which she states is in line with the lowest cost of replacing the carpet and underlay as quoted by her local flooring company.

Our investigator assessed what had happened and empathised with Ms L. But they didn't recommend upholding this complaint. They were persuaded BG had acted fairly and reasonably in how it had offered to resolve Ms L's complaint. And they didn't ask it to take any further action. BG agreed with our investigator's view of this complaint. But Ms L didn't and so I've been asked to decide the fairest way of resolving this complaint.

### **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.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here, I must base my decision on the balance of probabilities. I'd like to thank Ms L and BG for the level of detail contained within their submissions. I've read and considered all the information provided and if I haven't specifically referred to a point that Ms L or BG have made it isn't because I haven't considered it. My decision will focus on what I think are the key issues – an approach that reflects the informal nature of this service.

I'm sorry to hear about the difficulties Ms L experienced here. I can appreciate how stressful and inconvenient this all was. My role is to assess whether I think BG made a mistake, or treated Ms L unfairly, such that it needs to now put things right. And, having thought carefully about everything BG and Ms L have said, I've largely reached the same findings as our investigator for reasons that I'll set out below.

Here, there's no dispute that water damage occurred to Ms L's property and that the flooring of her bedroom and ceiling and walls of a room below it incurred substantial damage. BG accepts it was responsible for causing damage to Ms L's property. It's on this basis it's offered to reinstate her home. The issue here is whether the offer is fair and reasonable in all the circumstances.

There are a number of parts to this complaint and I think it will make things clearer if I deal with them separately.

### **Delay in resolving Ms L's complaint**

Ms L has stated she's unhappy with the delay she's experienced in resolving this complaint and I can see from the chronology that she raised her complaint over 2 years ago. But, strictly speaking, we don't have the power to look at how businesses deal with complaint handling – as it's not a regulated activity under the legislation that governs our service. So, even if I did think BG hadn't done things well in this regard, I wouldn't be able to uphold that element of Ms L's concerns or make an award. I can't act outside the law. So, I won't spend any time in this decision on that.

### **Use of an independent plumber**

I've explained that, when the escape of water occurred on 19 October 2021, Ms L contacted BG immediately to request emergency assistance under her policy. I understand that BG was able to provide assistance within a 4 hour time frame. Given the severity of the escape of water and the damage that this was causing to her home it's understandable that Ms L felt unable to wait for a BG engineer to attend her property.

It was entirely reasonable for Ms L to instruct an independent plumber to visit her property – she did this to mitigate the damage to her property and she incurred a cost in doing so. I'm pleased to see BG has reimbursed the cost of the plumber attending. So, this is an issue that BG has now resolved. I therefore don't need to address it further within this decision.

### **Damage to the ceiling and walls**

As I mentioned in the background to this complaint, the room below Ms L's bedroom sustained water damage and staining to the ceiling and walls. I can see that Ms L has confirmed with our investigator that these aspects of damage have now been resolved. The painting has been completed and I haven't seen any evidence that indicates Ms L is dissatisfied with the quality of the remedial work that was undertaken. So, I'm not going to comment on this issue any further within this final decision.

### **Damage to the bedroom flooring**

It's clear from the evidence available that there was a significant escape of water, which soaked the flooring within the bedroom. Ms L has stated the carpet was soggy and soaking wet at the time the damage occurred. She has explained that she had to put on the radiator and use an extra heater to try and dry out the carpet to avoid mould and further damage.

BG's liability here is to reinstate the property to its pre-loss condition. So, it need only repair or replace items that have sustained damage as a result of an issue it's responsible for. This means if the underlay hasn't been damaged by the escape of water, and is reusable, BG need not replace it.

Ms L has told our investigator that her bedroom carpet was inspected twice. She said the initial inspection was undertaken by a company, "C", on 12 September 2022. Ms L stated C took photographs of the carpet and underlay and informed her that replacement of both was required.

I haven't seen any report by C. BG has been asked to clarify this issue and it's stated there was no inspection by C. It's explained that there was only one inspection, which was by R, and this is the reason why there's no report from C available.

BG has informed our investigator that its records show a cleaning and building contractor attended Ms L's property early in September 2022. It appears this contractor was C, which may explain why Ms L thought her carpet had been inspected twice. But I'm satisfied, based on the available evidence, that there was only one inspection of the flooring within the bedroom.

I've seen the report R completed after attending Ms L's home on 23 September 2022 to inspect the damage caused to the flooring. Having carefully considered the content of R's report, which is dated 27 September 2022, I note it contains numerous photographs taken during its visit. The images taken by R evidence that the bedroom carpet was heavily stained by water leaking from the radiator valve.

R confirms within its report that, prior to the escape of water occurring, Ms L's bedroom carpet was in good condition. It's provided a quote within its report, which confirms the cost of replacing the carpet would be £956.16 plus VAT. This doesn't include the cost of replacing the underlay because R believes replacement isn't necessary here.

Ms L has argued that R's assessment wasn't sufficiently thorough as it didn't lift the carpet to inspect the underlay. She asserts that, given the significant amount of water that escaped, R's opinion that the underlay is reusable is flawed as she says it isn't possible for the underlay to have remained intact. But BG has provided an image of the carpet, which has been lifted in the corner.

R stated that during its visit the carpet had already been cleaned. A damp reading, which is evidenced within R's report, shows the affected area is dry. The image of the uplifted carpet indicates discolouration to the back of the carpet. But there's no evidence of damage to the underlay beneath the carpet. There are no images that show damage to the underlay.

R has explained that underlay can be reused if the structural integrity has not been affected. And it stated just because a carpet has been soaked with water or discoloured by water this doesn't necessarily mean the structure of the underlay has been compromised.

I can see that BG invited Ms L to provide photographs showing the structural condition of the underlay has deteriorated to the point that it can't be reused. Our investigator also requested Ms L share photographs to assist in their assessment on this complaint.

I understand that Ms L hasn't provided photographs of the underlay to either BG or our service. She's stated she hasn't lifted the carpet in the bedroom as she doesn't want to disturb the flooring. And she's said this is why she doesn't have photographs to evidence what she says about the condition of the underlay.

I'm sorry to disappoint Ms L but I agree with our investigator that, in the absence of photographic evidence confirming that the condition of the underlay is damaged, it isn't possible to refute R's opinion that the underlay hasn't been damaged. And this means that I can't direct BG to replace it or cash settle in a way that includes its replacement.

### **Is the settlement offer fair?**

Ms L informed our investigator that BG initially offered to pay her £2000 for the replacement carpet. But there's no evidence of that and BG has disputed what Ms L has said about this offer. In the absence of evidence, I can't safely reach a finding that this offer was made.

There's ample evidence that BG offered to either replace the carpet or cash settle in the sum of £956.16 plus VAT in the alternative. Ms L has stated the quality of carpet that this cash

settlement is based on is inferior to the carpet that was damaged, which she says is evident from the cost of the carpet included in the quotes she obtained from independent flooring suppliers.

The quotes Ms L obtained are of limited assistance here. They don't itemise the specifics of the carpet the supplier is proposing to use to replace the damaged carpet. The lower quote includes the cost of replacing both carpet and underlay. And the higher quote includes the cost of replacing carpet, underlay and painting the walls and ceiling. The quotes are therefore based on different scopes of work, which explains why there's a difference of over £500 between them.

In thinking about whether the replacement carpet has been offered on a like for like basis I've seen evidence provided by BG showing the quality of the replacement carpet offered. It states that the carpet that was damaged was a 100% wool loop pile carpet. And it asserts this is what R's quote is based on. I can see that our investigator informed Ms L that this type of carpet would be categorised as falling between a 'mid-range' and 'luxury – top end' carpet.

I haven't seen any documentation from Ms L confirming the quality of the bedroom carpet that was damaged. So, there's no evidence that disproves R's assessment of the quality of the damaged carpet. I'm not persuaded an inferior quality carpet has been offered to replace the damaged carpet.

Having reviewed images of the bedroom carpet captured during R's visit to Ms L's home and compared them to photographs of the carpet samples our service was provided they appear similar in appearance to the carpet that was damaged by the escape of water.

I understand that R provided one of the samples our service has seen to Ms L. This sample is of an 80% wool, 10% nylon and 10% polyester carpet. The other samples are not wool. They're therefore not like for like to the carpet that was damaged.

BG has confirmed that the non-wool samples were ordered by Ms L directly from the manufacturer's website. Ms L hasn't disputed this. And I can't fairly hold BG responsible for Ms L's decision to order non wool carpet samples or find their inclusion within the sample range to be unfair in the overall circumstances.

I can see that our investigator undertook research to satisfy themselves that R's replacement quote was based on a 100% wool carpet and that the cash settlement offer was therefore fair. Having seen our investigator's research and calculation I'm persuaded R's quote is based on a 100% wool carpet. I've also seen evidence BG shared with our service at my request that satisfies me that R's quote for a replacement carpet was based on a 100% wool carpet, which is on a like for like basis to the damaged carpet.

I understand that Ms L's preference is for a cash settlement. She's asked our service to direct BG to cash settle in line with the lower quote she provided, which is £1913. But, as I've already mentioned, this quote includes the cost of replacing underlay in addition to the carpet replacement costs. I've previously explained why I'm not persuaded replacement of the underlay is necessary here.

Where a policyholder doesn't want BG to replace their carpet through its preferred supplier they can request it pay them a cash settlement instead. In those circumstances the amount won't normally exceed what BG would have paid its preferred supplier.

BG has proven that if R was to replace the carpet BG would incur a cost of £956.16 plus VAT. I appreciate that BG's cash settlement offer is frustrating for Ms L. It's significantly

lower than the quotes Mrs L obtained. But it's likely that R's quote has been calculated using the scheme price rather than the retail price. The scheme price is the discounted price BG benefits from when it uses a preferred supplier. So, it will be cheaper than the cost of Ms L using an independent carpet and it isn't unusual for insurers to have an arrangement with a preferred supplier that can offer it discounts.

In the overall circumstances, I'm persuaded that, in offering to cash settle Ms L's claim in line with the quote R provided, BG has acted fairly.

I appreciate that Ms L feels very strongly about the issues raised in this complaint. But there's nothing to persuade me that BG has treated her unfairly or unreasonably. So, I'm not going ask it to do anything more. This now brings to an end what we, in trying to resolve Ms L's dispute with BG informally, can do for her. I'm sorry we can't help Ms L further on this.

### **My final decision**

My final decision is that I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 18 April 2024.

Julie Mitchell  
**Ombudsman**