

## **The complaint**

Ms R is unhappy with British Gas Insurance Limited's (British Gas) handling of a claim made under her plumbing and drainage insurance policy.

Where I've referred to British Gas, this also includes any actions and communication by agents acting on their behalf.

## **What happened**

Ms R has a plumbing and drainage policy provided by British Gas for a property she rents out. She reported an issue with the hot water and immersion heater in the property in early July 2022.

Ultimately, due to British Gas' handling of matters and delays, Ms R had to arrange for her own plumber to carry out works to resolve the issue on 28 September 2022.

Ms R raised several complaints with British Gas throughout this period. British Gas reimbursed £470 that Ms R paid her plumber, £80 that Ms R paid an electrician and offered compensation totalling £235 (£115 and £120 across two complaints). However, Ms R was unhappy with this, so she approached this service.

One of our investigators didn't initially uphold the complaint as she thought the reimbursement and compensation already provided by British Gas was fair. Ms R didn't agree, and the investigator reconsidered things.

As a result, the investigators' view on matters changed. She said that British Gas should pay a further £55 compensation. In addition, she said British Gas should also reimburse (subject to proof) the £230 Ms R had compensated her tenants for being without hot water for a prolonged period.

British Gas didn't agree so the complaint was passed to me to decide.

I issued a provisional decision as I reached a different outcome to our investigator on what I thought British Gas needed to do to put things right.

## What I provisionally decided – and why

In my provisional decision, I said:

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

*I’m issuing a provisional decision. I’ve reached a different outcome to our investigator on what British Gas needs to do to put things right, so I’m issuing a provisional decision to give both parties an opportunity to comment on my initial findings before I reach my final decision.*

*I should also point out that I don’t intend on commenting on every event which occurred throughout the claim. I don’t mean this as a discourtesy to either party, instead it reflects the informal nature of this service and my role within it. But I’d like to assure both parties that I’ve considered all the information they’ve provided when reaching my provisional decision.*

*It isn’t in dispute by British Gas that the claim wasn’t handled in line with Ms R’s reasonable expectations. British Gas accepts that. I won’t list everything that happened, but some key things are:*

- *Delayed appointments*
- *Multiple phone calls needing to be made to try to progress things*
- *Initial repair not completed correctly and left leaking*
- *Missed/cancelled appointments without informing Ms R in advance*
- *Parts not being ordered and delays collecting them*
- *Poor communication about next steps and updates*
- *Poor repair which resulted in continued issue with hot water and electrics tripping*
- *Misdiagnosis by British Gas that it was electrical rather than immersion issue*
- *Tenant left without hot water for a month due to British Gas’ handling and delays*

*Ultimately due to the time taken by British Gas, Ms R arranged for her own plumber to resolve the issue and restore the hot water. British Gas has reimbursed this cost totalling £470. They also reimbursed the £80 Ms R incurred in arranging an electrician as a result of their misdiagnoses.*

*However, Ms R’s tenant was left without hot water for around a month. They had asked for Ms R to put them up in a hotel at a considerable cost as they were unhappy with the lack of hot water. Ms R negotiated with the tenants and compensated them £230, to effectively give them a rent reduction for the inconvenience.*

*Our investigator recommend British Gas should meet this cost incurred by Ms R (subject to proof being provided) as she thought Ms R had acted reasonably. British Gas said this isn't covered under the policy and referred to the following exclusion:*

*"Any other loss or damage*

*We're not responsible for any loss of or damage to, or cleaning of property, furniture or fixtures as a result of your boiler, appliance or system breaking or failing unless we caused it, for example damage caused by water leaks.*

*We're not responsible for any reduction in value or damage which results indirectly from anything insured by your agreement, such as loss of earnings or travel expenses, or anything which happens naturally over time including deterioration or wear and tear, settlement or shrinkage. We're also not responsible for any losses incurred as a result of delayed, rearranged, or cancelled appointments or failure to have a CP12 in place."*

*As British Gas is aware, whilst we do take into account policy terms and conditions, we also consider what is fair and reasonable in all circumstances of the case. So, whilst the policy terms may not cover this specifically, if it is fair and reasonable in all the circumstances of the case, I can direct British Gas to pay this outside of the terms.*

*Having considered all the information provided by both parties, I'm minded to conclude it would be fair and reasonable for British Gas to reimburse Ms R this cost (subject to proof being provided). It's clear that being without hot water for a month, due to British Gas' handling of matters, would have been extremely inconvenient for Ms R's tenant. The tenant had requested hotel accommodation which would have cost Ms R significantly more, but she mitigated this by effectively reducing the rent via a payment.*

*If British Gas had handled the claim reasonably and in a timely manner, the tenant wouldn't have been without hot water for such an extended period and Ms R wouldn't have needed to compensate them. So, I think it would be fair and reasonable for British Gas to reimburse this amount (£230), subject to proof being provided. 8% simple interest would also need to be added to this from the date Ms R paid it to the tenants to date of reimbursement.*

*The investigator also recommended a further £55 compensation. She took into account what had already been provided in British Gas' final response (£120). And additionally, Ms R had already been given £115 compensation at an earlier point. It's clear that things weren't handled in line with Ms R's reasonable expectations, and she ultimately had to arrange repairs which should have been completed under her policy. I'm minded to conclude a further £55 compensation, in addition to what has already been offered, is fair and reasonable in the circumstances, taking the total amount to £290.*

*Ms R has also asked for a reimbursement of policy premiums for the period the claim was ongoing as she said British Gas didn't provide the service she was paying for. I don't intend to direct British Gas to reimburse this. This is because whilst I accept the service was poor (which I'm awarding compensation for), Ms R was able to benefit from the policy by British Gas reimbursing her own plumber costs. So, the claim has been fulfilled, albeit in a different way. So, I don't think it would be fair or reasonable to reimburse the premiums on this basis.*

*So, if my final decision remains the same as my provisional decision, I'll be directing British Gas to provide a further £55 compensation payment and to reimburse the £230 subject to proof of payment from Ms R being provided.*

*However, there is another financial loss Ms R says she has incurred which wasn't considered by our investigator.*

*Ms R says she was unable to have the new tenant move in until 9 August 2022. So, she says she incurred a loss of rent. This is because she says the tenant should have been able to move in on 15 July 2022. But as a result of British Gas' handling of things, they couldn't move in until 9 August 2022 when the initial repair was completed (before it later failed). So, Ms R says that she lost out on £816.75, which is 27 days at £30.25 (the rent was £920 per month) pro-rata rent for this period.*

*Ms R has provided evidence from the tenant, and her cleaner, in support of her having a tenant who was planning to move in. I'm persuaded this demonstrates the tenant could and would have moved in much sooner but for the ongoing issue.*

*Ms R has provided messages, and this shows the cleaner was originally planned to attend on 14 July 2022. This then had to be moved back to 9 August 2022 due to the ongoing issue with repairs. But having considered the information provided, it does appear that the earliest the tenant would have been able to move in, but for the issue with the heating, I think would have been 19 July 2022, rather than 15 July 2022 as Ms R says. I'll explain why.*

*It appears that the tenant informed Ms R she'd provide all the documents required on 11 July 2022, she also confirmed that she would look to start the tenancy as soon as the references were confirmed. Ms R then responded on 18 July 2022 (PM) and said all the documents appeared to be in order and the remaining thing to do was confirm identity which could be done when they next met.*

*Ms R said she could take a holding deposit then to secure the property and it would be refunded once the tenancy was commenced. Ms R said she was just awaiting the plumbing issue, then would arrange a professional clean and the move in date could be confirmed.*

*So, allowing a reasonable time for repair from when British Gas attended (7 July 2022) as parts were required, I think repairs should have been completed by 14 July 2022.*

*Whilst the cleaners were originally scheduled to attend then, it doesn't appear that all the referencing for the prospective tenant was completed until 18 July 2022. So, the earliest I think the tenant could have moved in was the following day, 19 July 2022. Consequently, I think the period British Gas should pay compensation for loss of rent for is 19 July 2022 to 9 August 2022. This equates to £665.50 based on 22 days at £30.25 per day.*

*Taking into account what I've said about the policy terms above not covering this type of loss, the same principle applies, that unless anything changes as a result of the responses to my provisional decision, I'm minded to conclude it would be fair and reasonable in all the circumstances for British Gas to pay this outside the terms.*

*8% simple interest would also need to be added to this amount from 19 July 2022 (as Ms R would have received the rent upfront) to date of reimbursement."*

So, I was minded to uphold the complaint in part and to direct British Gas to:

- Pay Ms R a total of £290 compensation (including the £235 already offered)
- Reimburse Ms R £230 that she compensated the tenants (subject to proof)
- Add 8% simple interest to the reimbursement from date it was paid to the tenants to date of reimbursement
- Compensate Ms R £665.50 for loss of rent
- Add 8% simple interest to that amount from 19 July 2022 to date of settlement

### **The responses to my provisional decision**

Ms R responded agreeing with the provisional decision. She also provided evidence of the £230 payment she made to the tenant.

British Gas also responded and agreed in principle with the provisional decision. However, they said that loss of rent wasn't something they were automatically obliged to consider. They also said that in order to provide the additional sums they'd need proof of the losses.

### **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.

And I've thought carefully about the conclusions I reached in my provisional decision, and the responses to it. Having done so, my final decision remains the same as my provisional decision.

I note British Gas has said they aren't automatically obliged to consider loss of rent. I already recognised in my provisional decision that this isn't something covered under the policy terms. But I also outlined that, as British Gas is aware, I can direct them to pay compensation, including for the equivalent of loss of rental income, outside of the policy terms if I conclude it is fair and reasonable to do so in all the circumstances of the case. For the reasons explained in my provisional decision, I think it would be fair to do so here.

British Gas has said that upon receipt of the proof of loss of rental income and the dates, then they will pay this. However, as outlined in my provisional decision, I'm satisfied the evidence supports a tenant was looking to move in, but for the issue with hot water. So, there wasn't already a tenant in place who moved out or stopped paying rent, instead there was a delay in the new tenant being able to move in. So, Ms R won't be able to show a loss of rent via bank statements etc in the same way she can for the compensation payment later made to the tenants.

I didn't agree with the period Ms R was asking for either. Instead, as explained in my provisional decision, I was persuaded, on balance, this should be from 19 July 2022 as this was the earliest, I think, the tenant could have been able to take the tenancy from (but for the issue with the hot water). This is because Ms R hadn't confirmed satisfactory references had been provided until 18 July 2022, so the tenant wouldn't have been able to take up the tenancy before then. But like I say, there isn't evidence showing the actual physical loss such as a bank statement, instead, I was persuaded that the tenant was delayed in being able to take up tenancy. And my view on that, and the time period, still remains. So, my direction here remains that British Gas need to reimburse the £665.50, with 8% simple interest added from 19 July 2022 to date of settlement.

In my provisional decision, I also said that British Gas should refund the £230 Ms R paid to the tenant subject to proof being provided. And I said 8% simple interest should be added to this amount from the date this was paid to the date of reimbursement.

In response to the provisional decision, Ms R provided evidence of this in the form of a bank statement and accompanying faster payment receipt. However, my direction on this will still be for British Gas to reimburse this with 8% simple interest added - subject to proof being provided. This is because, whilst Ms R has provided evidence of this to this service, I'm not able to share this as it contains sensitive banking information, such as unconnected banking transactions, account numbers and other sensitive information, and I don't have permission to share this. So, if Ms R accepts my final decision, she'll then need to liaise with British Gas directly and provide the proof required directly at that stage.

My view on the appropriate level of compensation also remains, that a total of £290 should be provided, including the £115 and £120 already offered.

### **My final decision**

It's my final decision that I uphold this complaint in part and direct British Gas Insurance Limited to:

- Pay Ms R a total of £290 compensation (including the £235 already offered)
- Reimburse Ms R £230 that she compensated the tenants (subject to proof)
- Add 8% simple interest\* to the reimbursement from date it was paid to the tenants to date of reimbursement
- Compensate Ms R £665.50 for loss of rent
- Add 8% simple interest\* to that amount from 19 July 2022 to date of settlement

\*If British Gas Insurance Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms R how much it's taken off. It should also give Ms R a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 3 January 2024.

Callum Milne  
**Ombudsman**