

The complaint

A has complained about the service provided by British Gas Insurance Limited (BG) in relation to two rental properties he had insured with BG.

What happened

On 31 January 2023, A took out HomeCare Central Heating Cover with BG to cover a number of properties. His policy schedule says that the effective date of the insurance was 31 January 2023. Shortly thereafter he had problems at two of the properties which I'll refer to as Property A and Property B.

In relation to Property A, BG wasn't able to book an initial visit to inspect the central heating system before 16 March 2023. On 7 February 2023, he reported a fault. BG attended on 9 February and changed the printed circuit board. This didn't resolve the problem and further visits were necessary including a visit from the boiler's manufacturer. The boiler wasn't fully restored until 24 March 2023. During the period when the boiler wasn't working A says he lost rental income of £2,100 from his tenant which he wants to recover from BG.

In relation to Property B, the first service for this property took place on 13 March 2023. The boiler was passed. Another engineer had to visit on 23 March as the heating couldn't be turned off. He noted that the diverter valve had been knocked out of place and it was assumed that this was done by the engineer who had attended on 13 March. It was also noted that the flue didn't have brackets and the boiler was declared unsafe despite the first engineer having passed it. A safety certificate was eventually issued by a third-party engineer on 6 April 2023.

A complained to BG about BG's delay in fixing the problem at property A and his loss of rent, and the additional costs he incurred at Property B.

In relation to Property A, BG has said in its final response to A that his policy in relation to this property was subject to a first visit and this should've been booked along with the breakdown. If there was a pre-existing fault there would be an additional charge under a Repair and Cover policy. It referred him to the following policy term:

"First service

If your product includes a first service it is usually carried out in the first 42 days of you taking out the product or changing address. If we've already carried out a first service or an annual service at your address in the last twelve months, we won't carry out a first service - even if you've just moved in. Instead, you will receive an annual service. At the first service our engineer will check that your boiler is on our approved list and your boiler or central heating and ventilation don't have any pre-existing faults. If we find it's not on the approved list or it has a pre-existing fault, we'll either:

- Tell you what needs to be done to fix it - and how much it'll cost*
- Offer you a different product or level of cover*
- Or, cancel your agreement or product."*

BG says it didn't cause the fault on A's boiler, it changed several parts, made attempts to repair it, paid for the manufacturer's visit, and did not charge a fee for the repair. Whilst it appreciated that A's tenant had been inconvenienced it felt its actions had been reasonable.

In relation to Property B, BG says there's no evidence that the diverter valve was knocked by its engineer. It's said that it noted from the report by the first engineer that the diverter cartridge was "passing" and that this might've caused the heating to remain on.

BG apologised for the issues A had experienced and offered him £100.00 as a gesture of goodwill.

A didn't consider that his was a satisfactory outcome and brought a complaint to this service.

Our investigator's view in relation to Property A was that BG didn't need to reimburse A for his loss of rent as the policy doesn't cover this. She also accepted BG's view that a first service visit was required by BG in order to confirm if it could provide cover before repairs could be carried out or any claim could be made.

In relation to Property B, her view was that the issue as to whether the diverter head was knocked or not knocked related to work undertaken at the first service visit. As contracts for the provision of services are a non-insurance product, they fall outside the scope of what this service can deal with.

A has dropped his complaint in so far as it relates to Property B but wanted an ombudsman to consider his complaint in relation to Property A.

I initially issued a provisional decision as my view differed from that of our investigator. Both BG and A were given the opportunity to make further submissions before I issued a final decision. BG accepted my provisional decision. A has not provided any further comment. I'm therefore now issuing my final 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.

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

I've looked at the terms and conditions of A's HomeCare policy. This includes insurance products, which are underwritten by BG, and non-insurance products which are provided by British Gas Services Limited. The latter includes service and inspection products such as service checks and safety certificates.

Our investigator has explained in some detail that this service doesn't have the power to deal with complaints arising from service agreements as these aren't "regulated activities". So to the extent that what A complains about arises out of a service agreement, I'm afraid it isn't something upon which I can provide an opinion.

As A has said he's no longer pursuing his complaint insofar as it relates to Property B, I will focus solely on his complaint in relation to Property A.

His claim in relation to this property arises from a breakdown for which his policy provides insurance. As insurance is a regulated activity it is something that falls within the jurisdiction of this service and upon which I can give an opinion.

I've considered the term upon which BG relies to reject his claim, and I've quoted this above. I don't consider that BG can rely upon this term to say that a first service is a pre-condition to cover. In the "Insurance Product" section of the policy, under the headings "Central Heating Breakdown" (page 12) the policy says "What's included" and "What isn't covered". Under the latter, it states that the policy doesn't cover (among other things):

- *Anything that happens within the first 14 days of the product start date*
- *A first service or annual service*

There is no reference to it not covering anything that happens before a first service.

Further on in the Terms and Conditions, under "General Exclusions", under the heading "Pre-existing faults", it states what cover isn't included. There is no mention here of there being no cover until a first service visit had taken place.

If it's the case, as BG seems to argue, that the policy is intended only to provide cover from the date of the first service visit, I consider that this is not clearly stated, and should have been as it is an important exclusion from cover.

In addition, A has said that when he spoke to BG about the delay in the first service visit he was advised that he would be covered over that period – subject presumably to the exclusion for anything happening within the first 14 days, as this exclusion is clearly specified.

Although I don't consider that BG can rely upon the fact that the breakdown occurred before his first service had taken place to reject his claim, I do consider that it can rely upon the exclusion relating to breakdowns occurring within 14 days of policy inception. A reported a fault with the boiler at Property A on 7 February 2023. This was within the first 14 days of the policy whose effective date was 31 January 2023. In my view it would have been reasonable for BG to have rejected A's claim on this ground.

However, despite this exclusion from cover, BG undertook a number of repair visits and covered the cost of the various repairs both it and the manufacturer made to get his boiler operational again. It also gave him £100 compensation.

I consider it is reasonable to argue that because the term I've referred to excluded BG's liability, the work undertaken to repair A's boiler was not pursuant to an insurance agreement. It was instead an agreement for services. As such it isn't a regulated activity, so this service has no jurisdiction to address any complaint that A might have about how that service was performed. This would include his complaint about loss of rental income.

My conclusion is that as an insurer, BG has not acted unreasonably towards A given the terms of his policy.

If A wishes to pursue a complaint for the delays in getting the heating and hot water operational again in Property A, this is something that he should take up with British Gas Services Limited. Any complaint that he has in relation to the service he received falls outside the jurisdiction of this service .

My final decision

For the reason I've given above, I'm not upholding A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 1 February 2024.

Nigel Bremner
Ombudsman