

The complaint

Miss C complains about the service provided by British Gas Insurance Limited in relation to her home emergency insurance policy.

What happened

Miss C had a home emergency policy with British Gas which covered a property she rents out. Under the terms of the policy, British Gas also serviced the boiler annually.

In August 2022, British Gas carried out the annual service and provided a gas safety certificate which confirmed that the boiler was safe, and the flue and ventilation was satisfactory.

In September 2022, British Gas made several visits to carry out repairs to the boiler. One of the engineers called Miss C from outside the property and said he couldn't get hold of the tenants. He told her he wasn't sure what the status of the boiler was or why he'd been called out. During the call the engineer mentioned to Miss C that the boiler was on a reduced parts listing which meant that there might be an issue with getting parts. He asked Miss C if she'd like him to arrange for someone to call her and provide a quote for a new boiler.

Miss C said she was aware the boiler was old, but it was in good condition. She wasn't interested in getting a new boiler at that time.

A few days later the same engineer called Miss C again and said he'd just fitted new parts to the boiler, and it was now up and running. He told her he'd needed to categorise the boiler as "*at risk*" because there had been a recent change to the regulations. The flue terminal outside was brittle and cracked. In the past it was okay to have a flue basket on top of it but because of the change in regulations he'd had to place it "*at risk*". He said he'd turned the boiler off and had told Miss C's tenant the onus was on him to decide whether he wanted to turn it on.

The engineer asked Miss C if she'd like a price for a new boiler. He said the flue couldn't be replaced because there wasn't a part available. Miss C agreed for someone to call her to quote for a new boiler and this was booked in for a few days later. But she also said she'd ask her son if he could get hold of the part.

The following day the engineer and Miss C spoke again. He said he'd returned to the property because Miss C's tenant had requested a call out. The engineer said the boiler was safe to use and he'd explained this to the tenant. But because of the regulations he'd needed to leave it turned off, place a sticker on the boiler which says, "*do not use*" and leave paperwork explaining what the risk was.

Miss C said her property's management agent had told her the boiler had been condemned. She said she'd explained it was safe to use. She was confused about paperwork she'd received the day before, where everything was ticked as being safe. This seemed to contradict what the engineer said he'd entered into the computer system. The engineer couldn't explain why this was.

Miss C said she'd asked her son if he could find a replacement part and he couldn't. The engineer said he'd also tried to locate the part, but he couldn't find one either.

The engineer told Miss C that the purpose of the flue basket which had been placed on top of the damaged flue was to stop any wildlife or birds getting into it and affecting combustion. He said no birds could get on there with the basket on. But for some reason the regulations had changed. The only way of getting the boiler back to current standards was by fitting a brand new flue terminal.

Miss C said her property's management agent had emailed her and told her she needed to get a new boiler fitted straight away. The engineer mentioned that there was a waiting list for boilers because there was a national shortage.

A few days later, British Gas called Miss C to give her a quote for a new boiler and she decided to go ahead with it. The person she spoke to wasn't able to tell Miss C why the engineer had left it to her tenant to decide whether or not to turn the boiler back on after telling him it wasn't safe. So, they raised a complaint on her behalf.

The engineer called Miss C back and reiterated what he'd previously told her. He said he'd performed safety checks and the boiler was operating safely but he'd had to leave the "*at risk*" notice because the flue was damaged. He said he wasn't sure of the exact date the regulations had been changed but he was updated on it after the gas safety certificate was issued in August. He told Miss C he would see if he could get some further information about the regulation change, but Miss C says he never got back to her.

There was some further correspondence between British Gas and Miss C. British Gas initially said its engineer had acted correctly and offered her £70 for any confusion. However, British Gas later acknowledged that the engineer's decision to provide an "*at risk*" notice for the boiler was incorrect. In its final response to Miss C's complaint, British Gas said it would be sending the £70 compensation it had previously offered her by cheque.

Miss C remained unhappy and asked our service to consider the matter.

Our investigator acknowledged that British Gas had given Miss C and her tenants misleading information. However, he didn't think it would be fair to hold British Gas responsible for the cost of replacing the boiler. He recommended British Gas pay Miss C a total of £150 for distress and inconvenience, which included the £70 it had already offered.

British Gas said it would be happy to increase the compensation to £150. It said a cheque for £70 had been sent to Miss C in April 2023 but this had not been cashed and would no longer be valid. It said that if Miss C accepted the outcome, it would cancel the cheque and send Miss C £150 by BACS.

Miss C disagreed with our investigator's outcome. She didn't think our investigator had addressed several complaint points. She said the British Gas engineer had contacted her several times over a number of days trying to arrange for her to speak to the installation team in order to replace the boiler. The same engineer had informed her that regulations had changed. British Gas admitted this wasn't the case after the new boiler had been installed. Miss C said that although British Gas had informed her prior to the event that certain parts of the boiler were no longer available due to its age, the boiler didn't require parts that were obsolete in September 2022.

Miss C said the engineer issued a safety summary stating the appliance, flue and ventilation were safe with no issues but in a phone call he said he had to switch the boiler off as the

regulations had changed. The engineer returned to the property the following day and reissued the gas safety summary to show the appliance flue and ventilation were not safe despite not actually working on the boiler that day. Miss C said the engineer said the flue was now broken and an obsolete part when there was no damage to it.

Miss C also provided us with a number of recordings of calls she'd had with British Gas, which were mostly with the engineer. Miss C had attempted to provide these call recordings to us when she first brought her complaint to our service. However, the calls weren't showing on her file, so we'd asked her to send them to us again.

I issued a provisional decision on 16 April 2024, where I explained why I intended to uphold Miss C's complaint. In that 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.

Based on what I've seen so far, I intend to uphold Miss C's complaint. I'll explain why.

British Gas is required to pay due regard to the information needs of its customers and communicate information to them in a way which is clear, fair and not misleading.

The Gas Safe Register website provides information about warning labels an engineer might apply to an appliance or fitting.

Under "at risk (AR)" it says:

"This classification means one or more recognised faults have been found that could constitute a danger to life or property without further faults developing. With your permission your engineer will turn off the appliance, which shouldn't be used again until it's been fixed..."

British Gas has acknowledged that its engineer gave Miss C and her tenants inaccurate information about the status of her boiler. The flue termination was damaged, and the part couldn't be replaced. However, a flue guard had been fitted in September 2021. This meant the flue remained safe and the boiler remained operational. So, the engineer shouldn't have placed the boiler "at risk".

British Gas has agreed to our investigator's recommendation to pay Miss C £150 to compensate her for the confusion the inaccurate information it gave her has caused. Although it's acknowledged Miss C replaced the boiler due to the concerns she'd raised about the "at risk" notice, it doesn't consider it is liable to reimburse her costs for the boiler replacement.

British Gas has commented that Miss C hadn't given it a full opportunity to respond to her complaint before making the decision to replace the boiler. It says a replacement boiler wasn't covered by the policy because of its age, so the cost was one she was always going to incur. It says the boiler ceased production around the year 2000. Its engineers had recommended the boiler be replaced in September 2021 and January 2022 because some of the parts were obsolete and others were only available on a special order basis.

I can see the renewal documentation from June 2022 included wording about parts for the boiler being difficult to source. It says British Gas may not be able to fix the boiler if it breaks down. However, it goes on to say: "In the unlikely event we can't fix the boiler, you may be able to get a refund back dated to when you last had work done, or to when you renewed your agreement – whichever's the most recent..."

I understand the boiler was around 20 years old and some of the parts were obsolete or more difficult to get hold of. However, British Gas had successfully replaced parts that were needed, and the engineer had confirmed that the boiler was working well. I think it's clear that Miss C wasn't planning to replace the boiler at that time and only did so because of the "at risk" notice that had been given in error.

British Gas says Miss C had ample opportunity to gain a second opinion from it or a third party on the requirement of a replacement boiler before proceeding. It's commented that Miss C's son, who works in the industry, had confirmed that the flue for the boiler was indeed obsolete.

It's not disputed that the flue part was obsolete. British Gas has said that the flue was safe to be used with the guard that had been on there since September 2021. However, it didn't give Miss C the correct information about this until February 2023. This was more than four months after she'd been given the wrong information.

As a landlady, Miss C had an obligation to her tenants to ensure they had access to hot water and central heating. The engineer fixed the boiler on 26 September 2022 and verbally said it was working and safe to use. However, he turned the boiler off and told the tenant the onus was on him to decide whether to turn it back on. He also placed a big yellow sticker on the boiler saying: "Danger. Safety warning. Do not use." And on 27 September 2022, he provided a document which had "no" ticked next to "Appliance flue & ventilation safe".

Given these written warnings, I can understand why Miss C's tenant would have been reluctant to turn the boiler back on, regardless of what the engineer told him verbally. I think this placed Miss C in a difficult position where she felt she needed to get the matter resolved as quickly as possible, particularly as a young child also lived at the property. It seems there was also pressure from the management agent to get the boiler replaced straight away.

The engineer had already arranged for British Gas to call Miss C to give her a quote for a new boiler. He'd also mentioned that there was a waiting list for boilers due to a national shortage. So, I can understand why she decided to go ahead with getting the boiler replaced by British Gas, rather than trying to get a second opinion elsewhere or shop around for a more competitive quote. Under the circumstances, I think Miss C's actions were reasonable and proportionate.

Given the age of the boiler, I think it would be disproportionate to tell British Gas to cover the full cost of replacing it. However, I think Miss C has incurred a financial loss from the boiler being replaced sooner than it needed to be. The boiler appears to have been left in good working order, so it might not have needed replacing for several more years. Miss C also didn't have much opportunity to shop around for another quote, given the urgency of the situation.

Under the circumstances, it's not possible to calculate what Miss C's financial loss was. My role requires me to say how a complaint should be settled quickly and with minimal formality. So, I've thought about what would be fair and reasonable to put things right.

I think it would be fair for British Gas to pay Miss C 50% towards the cost of replacing the boiler. I also intend to award interest on this amount at 8% simple per year to reflect the time she's been deprived of these funds.

I think the customer service Miss C has received from British Gas has been poor. Miss C has questioned why the engineer made unsolicited calls to her. But having listened to the call recording, I think his first call to her was because he couldn't get hold of her tenant or the

management agent on the numbers he had. So, I don't think it was wrong of him to contact Miss C. However, there does appear to have been some miscommunication here as he didn't know why he'd been sent to the property. When Miss C called British Gas the same day, it told her the boiler had been fixed. But this turned out not to be the case.

Miss C had several lengthy conversations with the engineer and was repeatedly given the wrong information by British Gas. This took up a lot of her time and was no doubt frustrating for her. So, I think it would be fair for British Gas to also pay Miss C the £150 it's agreed to for distress and inconvenience."

I set out what I intended to direct British Gas to do to put things right. And I gave both parties the opportunity to send me any further information or comments they wanted me to consider before I issued my final decision.

Responses

Miss C said she was happy to accept my decision in full. She said that if British Gas decided it was required by HM Revenue & Customs to deduct income tax from the interest, she would require to be advised and to receive a tax deduction certificate as outlined.

British Gas asked that I consider a reduced contribution of 30% towards the cost of replacing and installing the new boiler, on which it would then add an 8% simple interest calculated payment.

It said the average lifespan of a boiler is 15 years. Given that Miss C's boiler was at least 20 years old, it had already surpassed general life expectancy and was more likely than not to have required replacement in the near future. This was something its engineers had been given recommendation for since 2021 and British Gas had notified Miss C of the challenges with the availability of some parts since 2022.

British Gas said giving a contribution of 50% would suggest that the boiler may have remained fully operational for another 20 years which was highly unlikely. It felt a contribution of 30% to be more reflective of the boiler's age and condition while fully accepting its incorrect classification was more than likely to have prompted Miss C to replace the boiler earlier than may have been required.

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.

I appreciate that Miss C's boiler had already surpassed the average life expectancy of a boiler when it was replaced. I agree it seems unlikely that the boiler would have lasted another 20 years, and I accept that there may have been difficulty in finding replacement parts for the boiler in the future.

However, I had already considered the age of the boiler when reaching my conclusions in my provisional decision. I didn't suggest that British Gas should contribute 50% towards the cost of the new boiler because I thought the old one was likely to have lasted another 20 years. One of the reasons I thought British Gas should contribute towards the replacement costs was because the existing boiler may not have needed replacing for several more years. But this wasn't the only reason. As I said in my provisional decision, Miss C also didn't have much opportunity to shop around for another quote, given the urgency of the situation. So, she may also have incurred a financial loss because of this.

Having considered British Gas's comments, I still think a 50% contribution towards the cost of replacing the boiler (with interest) is fair compensation for the financial loss Miss C incurred as a result of British Gas's error.

Putting things right

British Gas should:

- Pay Miss C 50% of the cost of replacing and installing the new boiler and
- Add interest to the above at 8% simple per year* from the date Miss C paid for the new boiler until the date the settlement is paid and
- Pay Miss C £150 for distress and inconvenience.

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

My final decision

For the reasons I've explained, I uphold Miss C's complaint and direct British Gas Insurance Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 24 May 2024.

Anne Muscroft
Ombudsman