

The complaint

Mr C's complaint is about the service provided under his home emergency insurance policy with British Gas Insurance Limited.

What happened

Mr C holds the policy with British Gas for a property he lets out. In July 2022, Mr C contacted British Gas to make a claim as there was a leak from a water tank at the property.

British Gas attended and said the tank needed to be replaced. British Gas said it would replace the tank like-for-like but there was a delay in delivery and it was not installed until 26 August 2022. Before the tank could operate, British Gas said it needed to reconfigure the smart control system with the new tank. This was done on 20 September 2022. However, the next day there was another leak. Mr C called British Gas out again.

On 14 October 2022, British Gas said the tank could not be repaired and needed to be replaced again, which I understand was done on 4 November 2022. However, Mr C says that not long afterwards the tenant advised they were having issues with inconsistent hot water and water pressure. I understand that around this time, the shower pump was also leaking.

British Gas said the shower pump was excluded from cover, so Mr C had this replaced but I understand there were still issues with the system. Mr C says that at end December 2022 he took advice on how to restore the system, working with the tank British Gas had installed. As a result, he had the pump changed again for a reverse gravity pump, which Mr C says restored the functionality that had been provided by the original system and resolved the pressure issues.

Mr C complained to British Gas. He says it failed to provide, install and commission a replacement tank with the same functionality; that the issue with the shower pump arose due to the system being left dry for long periods of time as a result of British Gas being unable to commission the system with the replacement tank. He says the pump was working fine prior to British Gas's involvement.

Mr C also says that over the five months since making the claim in July 2022, British Gas caused further damage to his property. The replacement tank was not tested properly and leaked causing more damage to the property than before. His tenants were left without running water at all or without hot water for various periods of time due to this and other delays on British Gas's part. As a result, Mr C says he had to offer his tenants a reduction of rent and arrange the repairs to be carried out himself. Mr C says his financial loss as a result was more than £5,000. Mr C also says there were numerous missed and aborted visits from British Gas and delays in complaint-handling.

British Gas says that there was already water damage to the property as a result of the initial leak that gave rise to the claim, for which it is not responsible. It found the tank leaking, the controller had no batteries and the water temperature was set to maximum. It says further leaks were reported in September 2022 but these were from the shower pump, which is not

covered under the policy. British Gas says the new tank was fitted to the existing pipework and it advised at the time that there were issues with the way the pipework to the shower and central heating had been installed but there is not cover under the policy to put this right. However, British Gas did offer £300 compensation for the delay in the new tank being fitted.

Mr C remained unhappy with British Gas's response, so referred the complaint to us.

One of our Investigators looked into the matter. He did not recommend the complaint be upheld as he was not persuaded that British Gas was responsible for all the issues that had occurred. The Investigator determined British Gas had met the claim under the policy and the £300 compensation already offered for the delay in fitting the replacement tank was reasonable.

Mr C said he accepted the Investigator's main findings but British Gas was responsible for the second leak after the first tank replacement. He says British Gas set the tank to maximum, which resulted in a damaged valve which leaked causing major water damage to ceiling. British Gas failed to test the tank and system properly and this second substantial leak was a result of that error. Mr C says he has been quoted £1,200 for the redecorating the damaged areas.

Mr C says this also meant a second replacement tank had to be installed but the second system did not provide sufficient pressure. He says anything within the period British Gas were working on the system is a result of British Gas's work and it has already acknowledged that the failure of the hot water valve caused the second leak, so this can only be British Gas's responsibility.

As the Investigator was unable to resolve the complaint, it was passed to me.

I asked for some further information from British Gas about the second replacement tank, as this had not been addressed in British Gas's final response letter to the complaint.

British Gas said that the tank was bespoke, so had to be ordered and took three weeks to arrive from the suppliers. When the first tank arrived, it "*had been ordered incorrectly which resulted in a second order being submitted adding an additional 3 weeks*". British Gas said the first replacement tank failed due to a manufacturer issue meaning it was defective. This was out of its control. It also said the controls weren't tested at the time it was fitted as the controls needed new batteries.

British Gas said the second tank was fitted and it again raised the issue with the shower pump, which was faulty and also was not suitable for the new tank. It said the heating system as a whole was poorly designed and would benefit from a redesign but this is not covered under the policy. British Gas says it is not liable for the shower pump including any damage caused by the leaking shower pump, and the tank was already leaking causing damage before it attended. It does not therefore change its position.

I issued a provisional decision on this matter earlier this month. I determined that the complaint should be upheld. I have set out my provisional findings below:

"The original damaged tank was replaced on 26 August 2022 but it took a month to configure it. There was a three week delay because British Gas says the replacement tank had been incorrectly ordered. This seems to me to have been an avoidable error on British Gas's part.

British Gas's contractor's note states "26/08/2022 09:18 - Replaced cylinder in loft. Re piped and filled and tested hot water for leaks. Unable to test heating due to controls needing batteries. Left immersion on so they will get hot water."

So they did not test the tank as the controller needed new batteries. The notes say the control batteries were replaced on 20 September 2022, which is when the tank was commissioned. And the new tank failed shortly afterwards.

British Gas said the first replacement tank failed due to a manufacturing fault but this is not consistent with the evidence.

Mr C was told it had failed due to an issue with the controls which caused it to overheat. This was confirmed in an email from the contractors to Mr C on 30 September 2022 which said "*it had an issue with tado controls not switching the hot water supply off so it was constantly on this caused the tank to overheat and vent. The stillage that was supporting the cylinder has been damaged when the cylinder vented over. I have isolated the cylinder to make it safe as there was a danger of it falling over.*"

I am satisfied that the first replacement tank failed as the controls were not switching it off and it was overheating and venting. As this happened so soon after the tank was made operational it seems likely to me this would have been apparent if it had been tested properly. British Gas said it could not be tested properly because the batteries were flat. This does not seem to me to be a reasonable explanation. I also note that there is no record of any repairs done to the controls after the second replacement tank was fitted. So it seems to me this could have been avoided if British Gas had tested and set [up] the first replacement properly.

There would have been some water damage to the property as a result of the first leak that gave rise to this claim but Mr C says there was considerably more damage done as a result of this second leak. It is very difficult for me to be certain. There are a few photos on file but no conclusive record of the damage after each leak. I also bear in mind that water damage does sometimes take time to appear through plaster walls and ceilings, and the damage would likely be in the same areas as a result of both leaks.

However, I also note that the contractors had to build a new support for the tanks in the loft after this second leak because of the water damage caused to them. There is no suggestion on the file, as far as I am aware, that there was any significant damage to the support after the first leak. This suggests to me that the water damage after the second leak was significant. At the very least the redecoration needed would be more extensive than just as a result of the first leak.

Mr C originally estimated it would cost £500 for redecoration as a result of the second leak. He has more recently said he has had a quote for £1,200. I have not seen a breakdown of the quote and as stated it seems likely to me this would include some damage done as a result of the first leak. I do not consider I can require British Gas to pay this entire amount. In the absence of any better evidence, I consider it fair and reasonable to require British Gas to pay half this amount for the additional damage caused as a result of the second leak.

This is not an exact science but is the best I can do based on the evidence available to me. Either party can provide further evidence in response to this provisional decision on this point, which I will consider before issuing my final decision.

Shower pump

Mr C says the first shower pump was damaged as a result of the system being dry for so long while waiting for British Gas to complete the work needed.

Mr C has provided the invoice he paid for this work and it says pump leaking internally so needed a new pump. It does not give any reason for the leak occurring.

In the absence of any independent convincing evidence that the pump was damaged due to something British Gas did wrong, I do not consider I can reasonably require it to reimburse this cost.

Mr C then had the pump changed again. He says this was because it did not work properly with the new tank fitted by British Gas. I note that Mr C says the system worked well before British Gas changed the tank. British Gas says the whole system was poorly designed but also said recently the shower pump was not suitable for the tank.

The invoice for this second shower pump says it was needed *“to try bypass their poor head of water”*. It is not clear to me but this does suggest it was due to an issue with the configuration of the system.

However, there is no persuasive, independent evidence that the shower pump had to be replaced solely as a result of anything done wrong by British Gas. On the evidence available to me, I do not consider I can reasonably require British Gas to pay for either of the pumps.

Claim-handling and delays

It seems it took around four months in total to resolve the issue with the tank. There was an avoidable delay of three weeks at the outset as a result of incorrect ordering of the replacement tank. There was then the need to replace the tank again as a result of it not being tested properly. It seems to have taken around six weeks for the second replacement tank to be fitted. British Gas's final response letter to Mr C's complaint did not address why the tank had to be replaced twice and the delay in the second replacement.

Mr C had tenants in the property for most of this time and he said he had to give a rent reduction, as a result of the disruption to them and the problems with hot water. He put this at around £2,800 for October, November, December 2022 and January 2023. I have not seen any independent evidence of the rent reduction but I have no reason to doubt he gave a reduction. However, I bear in mind that there were also issues with the shower pump during this time and that would have impacted his tenants, which I do not consider was due to British Gas. I do not therefore consider I can require British Gas to pay this loss of rent, as it is not proven that it was given as a result of the issues caused solely by British Gas.

Having considered everything carefully, I think it is appropriate to make a global award of compensation that includes some redress for the trouble the matters that are due to British Gas caused Mr C with his tenants.

British Gas has already offered £300 for the delays in the first tank replacement. As stated it did not previously address the fact the tank needed replacing again and the delays in doing so. I consider that a total sum of £750 is reasonable to reflect the

trouble caused to Mr C to include the delays and the impact this had on his relationship with his tenants, as well as the further damage to the property.”

In summary, I concluded that British Gas should therefore pay Mr C £600 towards the reinstatement of the property; and a total of £750 compensation for the distress and inconvenience caused by its handling of this matter.

Responses to my provisional decision

British Gas has confirmed that it accepts my provisional decision but wanted it noted that the contractors regularly kept Mr C up to date with the claim process to mitigate the risk of him losing his tenants. It says it has already paid £300 compensation, so it will now arrange to pay the remaining £450 compensation and £600 towards the reinstatement works.

Mr C has also confirmed he accepts my provisional decision. However, he points out that it is not clear in my summary of the background of the complaint that the second leak was from the replacement tank and this affected the bedrooms and floor below; and that the shower pump leak, which was minor and only affected the bathroom, occurred after the second tank had been installed and was working but at reduced pressure.

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 confirm that my understanding of the events is that the second leak was as a result of the first replacement tank failing and not the shower pump leaking. It was not clear from the file exactly when the shower pump started to leak but I provisionally found that the second leak was as a result of the replacement tank failing. I was also satisfied that this would likely have caused damage to the property. The shower pump also leaked but I did not think this had contributed to the redecoration needed to the rooms affected by the leak from the tank.

As both parties have accepted my provisional decision, having considered everything again, I see no reason to change my provisional findings. For clarity, I confirm that British Gas has already paid Mr C £300 compensation, then it only needs to pay the remaining £450 of the total £750 I provisionally awarded.

My final decision

I uphold this complaint against British Gas Insurance Limited and require it to do the following:

1. pay Mr C £600 towards the reinstatement of the property; and
2. pay Mr C £750 compensation for the distress and inconvenience caused by its handling of this matter. (If it has already paid any part of this compensation to Mr C, it can deduct that from the total of £750 and only needs to pay the remainder.)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 September 2024.

Harriet McCarthy
Ombudsman