

The complaint

Mr A's complaint is about the service provided under his central heating and kitchen appliance insurance policy with British Gas Insurance Limited.

What happened

Mr A held a policy with British Gas which covered his boiler and central heating system, as well as kitchen appliances, and included an annual service of the boiler. During the annual service in January 2024, the engineer told Mr A that there was a leak from the boiler, which was in poor condition, and a part needed to be replaced. Mr A says the engineer told him that these issues should have been identified during the annual service in 2023. British Gas carried out the repairs under the policy on 15 January 2024. However, I understand that Mr A replaced the boiler around ten days later due to its general condition.

British Gas says it called Mr A on 5 February 2024 as he had cancelled his direct debit for the policy premium and the policy had therefore lapsed. It says Mr A was told there would be a fee if he cancelled the policy, as there had been a repair and the annual service had been carried out. British Gas says Mr A told its agent that he would dispute any fee charged.

British Gas says it spoke to Mr A again the next day and it told him that the cancellation fee had been removed from his account but this was incorrect. British Gas sent him a request for payment on 8 February 2024 for the outstanding premium for the year of the central heating part of the policy (*i.e.* £703.67).

Mr A complained as he did not think it was fair to charge him for the remaining annual premium, as he did not request the repair and his boiler had still been working. He says he cancelled his direct debit as he intended to replace the boiler and had not been happy with the service provided by British Gas in relation to this and some previous matters, including broken and unproductive appointments. Mr A also says he was entitled to a maintenance inspection of his gas hob but this did not happen in 2023, even though he paid for it. The boiler condition deteriorated quicker than it should and he doesn't think the services were carried out correctly and there was no inspection of the radiators and other parts of the system in 2023. Mr A says the third party he called in to replace the boiler told him the boiler was dangerous.

British Gas says the service in 2023 was carried out correctly; its obligation is to check the boiler is working safely and it does not inspect the radiators or other parts of the heating system during an annual service. British Gas asked for any report from the third party about the boiler but Mr A said he didn't have a report.

British Gas also says that there is no annual service included in the policy for the gas hob but it does cover repairs in the event of a breakdown.

With regard to the cancellation of the policy, British Gas says it spoke to Mr A on 5 February 2024 and said he would have to pay the remainder of the annual premium, if he cancelled the policy, as it had carried out a repair and an annual service in the policy year. The next day a different agent told Mr A there would be no cancellation fee but this was incorrect.

British Gas sent letters two days later and asked for the balance of the annual premium to be paid. This has been correctly charged and it is entitled to that payment. However, British Gas offered £120 compensation for the misinformation given in the second call, and for two previous broken appointments over the previous year.

Mr A does not accept this as a fair resolution of his complaint and so referred his complaint to us. He has made a number of points in support of his complaint. I have considered everything Mr A has said but have summarised his main points below:

- The invoice from British Gas says it is for work carried out as well as insurance premium tax. He didn't know he'd be charged for the repair; and the repair was unnecessary as the boiler was working and he intended to replace it anyway.
- An annual service costs around £100, so the £703.67 is not a fair charge for the work carried out.
- He cancelled the policy as British Gas had broken the agreement.
- At the annual service in February 2023, he was told the boiler was working okay. He queried some brown stains on the wall at the time and was told it was fine. At the annual service on 12 January 2024, the engineer saw the same stains and immediately confirmed there was a leak from the condenser, causing the rust stains. The engineer confirmed this had been going on for more than a year and should have been picked up at the service visit in 2023.
- The engineer told him the boiler was in poor condition due to the rust and advised Mr A to have it replaced.
- The engineer spent 15 minutes servicing the boiler in 2023. He did not check any other parts of the heating system. All the previous checklists left after service visits say the engineer has checked radiators, visible pipework and water cylinders but this was not done in 2023.
- He has since found a leak on one of the radiators that would have been found sooner if the engineer had checked them during the annual service.
- If British Gas has changed the policy about what will be checked, he should have been told.
- The job record also says the engineer checked his carbon monoxide alarm and the hot water cylinder but he does not have a carbon monoxide alarm and the cylinder is in the loft which the engineer did not go into.
- British Gas missed two appointments about previous matters, and sent the wrong engineers on two other occasions, which meant he took days off work unnecessarily.

Mr A wants British Gas to cancel the invoice for the outstanding charges and compensate him for his out-of-pocket expenses.

One of our Investigators looked into the matter. She was satisfied that there was no annual service of the hob included in the policy cover and that the annual service in 2023 had been carried out in accordance with the policy terms. The Investigator also said that British Gas had told Mr A of the cancellation fee and the note of the call says he said he would dispute it. She therefore said as it had given him correct information initially, he was able to make an informed decision about whether to keep the policy or not. The Investigator considered the £120 already offered to be fair compensation for the previous claim issues and the misinformation provided to Mr A.

Mr A does not accept the Investigator's assessment. Mr A has made a number of points in response. Again, I have considered everything he has said but have summarised his main points below:

- With regard to the gas hob, his policy booklet says he is entitled to a

maintenance inspection. This obviously did not happen although he was paying for this maintenance inspection in 2023.

- British Gas conveniently does not have the recording of the call on 5 February 2024.
- He has not been offered any compensation for this misinformation. The compensation received was for other failings on British Gas's part, including many missed appointments and sending the wrong engineers.
- The compensation offered is nowhere near the £703.67 it is claimed he owes due to the misinformation given to him by British Gas. If he had known a cancellation fee was due, he would not have taken out the alternative cover.
- He decided to take the alternative insurance policy on 6 February 2024, when he was told there was no fee due. To assume he made the decision to pay for a second policy offering the same cover on 5 February 2024 knowing the fee was due is ridiculous and incorrect.
- On 8 February 2024, British Gas wrote to him to say it was "*not too late to go back ...*" so as he was still paying for the cover, he could still be covered.
- British Gas has chased payment of the amount it says is owed, even though it told him it would not act until it received a decision from this service.

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

In the meantime, the Investigator asked Mr A for copies of the alternative cover he says he took out.

Mr A confirmed that the first payment was taken for this on 5 February 2024 and is taken on the fifth of each month thereafter.

Mr A has also told us he has received marketing material from British Gas offering him free boiler breakdown cover. Mr A says he phoned British Gas about this the first time and it said this had been sent in error and it would stop anything similar being sent again. However, he says he has recently received another offer of free boiler breakdown cover. He says this is "*either incompetency at a very high level, intimidation or their way of a joke*". Mr A also says again that he acted in reliance of what he was told by British Gas, in taking another policy, so it should be held accountable for the incorrect information he was given.

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.

Should the repair have been carried out on 15 January 2024?

Mr A says he did not ask for the repair in January 2024, as his boiler was working and he intended to replace it anyway. He therefore suggests the repair should not have been carried out and it should not count as a claim under the policy.

The engineer identified a leak on the boiler in January 2024. The job sheet left with Mr A on 12 January 2024 says the engineer advised a new boiler was needed but also said he had ordered the parts required to repair the leak and had booked a repair visit for 15 January 2024. I note the boiler was still working but that does not mean the repair was not necessary.

I have not seen any evidence that Mr A declined that repair. He may not have asked for the repair in the first place, but the engineer could only attend to carry out the repair with Mr A's consent. While Mr A may not have agreed to it, if he had realised that it would mean he'd have to pay for the rest of the year's premium, I do not think that I can reasonably determine

that British Gas should not have carried out that repair or that they acted unreasonably in carrying out a repair of a leaking boiler.

Is British Gas entitled to charge for the rest of the year's premium?

Mr A's policy with British Gas is an annual contract, even if it is agreed it would be paid for monthly. The policy provides that if it is cancelled by the policyholder, after the first 14 days, British Gas will not charge for any days not on cover, unless an annual service has been carried out or a claim has been made. If a claim has been made then the policy says that *"you'll not be due a refund and will pay the remainder of the policy premium"*.

This is not, in my opinion, inherently unfair or unreasonable and it is in line with usual insurance practice.

Mr A's policy started on 7 December 2023, and the annual service and repair of the boiler was in January 2024. This was therefore beyond the first 14 days of the contract. Given this, I consider that British Gas is entitled to charge the remainder of the annual premium.

The amount being requested from Mr A is not based on the repair cost, or the cost of the annual service but is the outstanding premium for the central heating cover. British Gas says it has not made any charge in relation to the appliance cover, as no claim was made under that part of the policy before it was cancelled.

I do not therefore agree with Mr A that it would be reasonable to require British Gas to write-off this debt.

Mr A has also referred to a letter written to him in February 2024, to say he could change his mind about the policy and be covered again. This would seem to have been the case but he did not apparently take this option. I do not therefore think that this letter impacts the outcome of this matter.

Did Mr A take out alternative cover (and therefore incur expenses) based on incorrect information provided to him by British Gas?

Mr A says that he cancelled his policy with British Gas and took out another policy, thereby incurring significant additional expense based on misinformation provided to him by British Gas that there would be nothing to pay in relation to his British Gas policy. He therefore wants the debt to be written-off for this reason as well.

Mr A told us recently that *"The decision [to take an alternative policy] was obviously made on 06 February 2024 when I was misinformed that no cancellation charges were due & would only be paying for one insurance policy. I am now on a pension & would never had made such a stupid financial decision to pay twice for the same thing."*

I have considered the evidence provided of the sequence of events at that time. Having done so, I am not persuaded there is enough evidence to support what Mr A has said. I will explain why.

Mr A cancelled his direct debit for the British Gas policy at some point before any phone calls with British Gas. It called him on 5 February 2024 because he had already cancelled his direct debit instruction. It seems to me therefore likely that he had already decided to cancel the policy with British Gas and take cover elsewhere before 5 February 2024.

This is supported by the evidence Mr A has recently provided of the alternative cover he took out. It is a subscription for *"system care"* and he has provided an email confirmation of the

payment arrangements that show that a payment of £18 will be taken on the fifth of each month, with the first payment taken on 5 February 2024.

There is no recording of the phone call between Mr A and British Gas on 5 February 2024. However, British Gas's notes say he was told in that call that there would be a cancellation fee. Mr A does not specifically dispute this. He has said he was called to ask why he had cancelled his policy and direct debit and he explained why briefly; and he has recently said he obviously made the decision to take the alternative cover after his second call with British Gas on 6 February 2024.

The evidence therefore supports that the misinformation about any charge for cancellation was not provided to Mr A until the next day, 6 February 2024, when the British Gas representative said he could not see any charges showing on Mr A's account, so said the charges must have been removed.

Given this phone call took place after Mr A had already taken a policy with another provider, I cannot conclude that Mr A decided to take out this policy based on anything British Gas had done wrong.

Was the service in February 2023 carried out correctly?

Mr A says that the boiler services were not carried out properly, and in particular in 2023 there was no inspection of the radiators, pipework or water tank unlike in previous years.

British Gas says that checking other parts of the central heating system does not form part of the boiler service. There is nothing in the policy that provides for these parts to be checked and there is no evidence that this has changed.

Even if these other components of the central heating system were checked in previous years, I am not persuaded that it is reasonable to expect inspection of the radiators, water tank and other pipework to form part of a routine boiler service, unless there is a reason to indicate a problem with any of these components.

Mr A also says that the engineer that attended in January 2024 told him the leak from the boiler had been going on for a year and should have been spotted at the service in 2023. However, there is no written evidence of this. British Gas says that rust can form relatively quickly once a leak starts and says there is nothing to indicate this was present in 2023. Its engineer checked the boiler and passed it in 2023.

While I have no reason to doubt what Mr A has said, without any independent evidence to support that the leak was there and should have been noticed during the annual service in 2023, I cannot safely make any finding that the service in 2023 was not carried out properly and that further damage was done to Mr A's boiler as a result.

Carbon monoxide detector checks

I note that the checklists left with Mr A after the annual services show that the engineer ticked 'yes' for whether the carbon monoxide alarm, tank and other things had been checked. The checklist says "*electronic carbon monoxide alarm manually tested*" and this was ticked yes in 2023 and 2024.

Mr A says he does not have a carbon monoxide alarm, so this is inaccurate and potentially dangerous.

British Gas says it would take its own carbon monoxide readings but I agree with Mr A that the checklist is about checking any alarm the householder has in situ.

It is concerning that these were ticked when apparently no alarm was present. However, I do not have the power to penalise British Gas, only to make awards to reflect any impact on Mr A of anything done wrong. I do not think there has been any impact on Mr A as a result of this, so I do not intend to take this any further.

Gas oven and hob annual service

The cover Mr A had included repairs of kitchen appliances, gas hob, gas oven, fridge freezer, washing machine and tumble dryer. British Gas says this does not however, include a service of the gas appliances. It says a service is available as a separate product but Mr A did not have that cover.

I have checked the policy documentation and it does state that the kitchen appliances listed in Mr A's statement of insurance are covered for repairs but there is no mention of a gas safety check or service of the gas appliances.

The policy booklet also contains a table summary of the products available. Each main element of cover provided with each product is ticked if it is included and for the kitchen appliance cover service is not ticked. It also states that the "*kitchen appliance cover... [is] ... on a repair only basis*" and the "*boiler controls and central heating ... [is] ... on a service and repair basis*".

Mr A refers to the definition of annual service in the policy, which says that it is a "*check in each period of agreement to ensure that your boiler, gas appliance or central heating, and ventilation is working safely and in line with relevant laws and regulations*". He seems to suggest that, as this refers to gas appliances, it means he should have had an inspection of the gas hob and oven.

However, this definition of an annual service if it is part of the cover does not change the basis of the actual cover provided. Having considered the documents very carefully, I am satisfied that it is sufficiently clear that the kitchen appliance cover Mr A held did not provide for service of his gas oven and hob.

British Gas chasing payments and marketing

I can also see Mr A is aggrieved as he received chasers for the outstanding amount when British Gas said it would not pursue payment while the complaint was with this service. As the amount is rightly payable, I do not intend to take that any further.

With regard to the marketing emails sent to Mr A, I can understand this would be annoying but I do not consider this to be deliberate. As Mr A has said he has asked British Gas not to send any further such communications, I would expect it to do so. However, I cannot make any direction in this decision, as it did not form part of the initial complaint.

Compensation

British Gas has already offered £120 compensation. He says this was not for the misinformation but for missed appointment and other failings on British Gas's part. He says the compensation should be the cancellation of the outstanding debt. For the reasons set out above, I do not consider I can reasonably ask British Gas to cancel this debt. Mr A was

misinformed about the cancellation charge. As set out above, I do not think this caused the detriment to Mr A, but I understand that it would have then been upsetting to receive the letter shortly afterwards requesting payment of the rest of the premium.

In addition, there were issues with some previous appointments. Mr A says there were issues with four appointments and he had to take days off unnecessarily as a result. British Gas identified two missed appointments. I appreciate this would have been frustrating and inconvenient.

Having considered everything available to me, I consider the compensation offered for the issues with the appointments and the misinformation about the cancellation charge, to be fair and reasonable and in line with our awards generally. I do not therefore intend to ask British Gas to do anything further.

My final decision

British Gas Insurance Limited has already made an offer to pay Mr A £120 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that British Gas Insurance Limited should pay Mr A £120.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 January 2025.

Harriet McCarthy
Ombudsman