

The complaint

Mr H complains that the service he received from British Gas Insurance Limited when dealing with a leak at his home was poor and resulted in damage to his home.

What happened

Mr H holds a home emergency policy provided by British Gas. In March 2023 he reported a leak in his home. British Gas sent an engineer, but they were unable to locate the leak or isolate the water supply. British Gas said a new appointment with the specialist leak detection team would be needed, but one wasn't available for over a month.

During this time, damage to Mr H's property worsened and so he instructed his own plumber to locate, isolate and repair the leak. He also made a claim to his home insurer for the resulting damage to his home. Mr H complained to British Gas about its failure to provide the service he pays for, and the impact this had on him and his family.

British Gas refused to cover the works Mr H had paid for because the invoice he provided didn't have a company name or registration number on it. It also refused to accept responsibility for any damage to Mr H's home as it said this was evident at its first visit. But it accepted responsibility for some delays and offered £70 compensation.

Mr H complained to the Financial Ombudsman Service. When providing its complaint file, British Gas made an improved offer of settlement. It said it would cover any part of Mr H's invoice that would be covered under its policy and that it would fully engage with Mr H's home insurer if they sought to pursue a contribution from British Gas for the costs of repairing the damage. It also increased the offer of compensation to a total of £400.

An investigator here considered the complaint and thought British Gas's improved offer was fair. Mr H didn't agree with our investigator's assessment. So, because no agreement could be reached, the complaint was passed to me to decide.

I was minded to reach a slightly different outcome to the investigator. So, I issued a provisional decision to give the parties the opportunity to respond, before I reached my final decision. Here's what I said:

"What I've provisionally 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 minded to award a higher level of compensation than the investigator thought was fair. So, I'm issuing a provisional decision to give the parties the opportunity to respond before I reach my final decision.

Firstly, I think it's helpful to explain that Mr H's policy with British Gas is designed to locate and stop an ongoing emergency situation – in this case the leak. But this policy does not cover damage to Mr H's home resulting from the leak – that would need to be claimed for under Mr H's home insurance policy. That said, if I were persuaded that Mr H's home suffered from additional avoidable damage solely as a result of British Gas's failings, then I might conclude it would be fair and reasonable for British Gas to cover that damage.

From what I've seen, the notes from the initial engineer confirm visible water damage to one of the bedrooms. Based on this, I think it's most likely there was damage to the property, resulting from the leak in question, prior to British Gas's visit. This means Mr H would always have needed to either fund some property repairs directly, or make a claim through his home insurance policy, as it wouldn't be reasonable to attribute that damage to British Gas.

However, the notes I've seen from the initial engineer's visit also confirm that there was an ongoing leak which could not be located. They also confirm that the engineer was unable to isolate the water supply. As explained above, Mr H's policy is designed to provide cover for locating and stopping the emergency. So, as this didn't happen at the initial visit, I think British Gas failed to provide the service it ought to have. And by not arranging a follow up appointment with the leak detection team more quickly, I think it's clear that this failing would have contributed to further, avoidable damage being caused to Mr H's home.

I appreciate British Gas says that its leak detection team are specialist and in high demand, and that it offered Mr H the earliest available appointment. But I don't think that's good enough in the circumstances. British Gas would have known that damage to Mr H's property would continue, because it failed to isolate the water supply, so in these circumstances I think the leak detection team ought to have prioritised Mr H's claim, to prevent avoidable further damage. Because it didn't do this, I think that British Gas is responsible for some of the damage to Mr H's property.

Because there was pre-existing damage, and because I'm not a technical expert, it's impossible for me to determine the extent of British Gas's liability here compared to the damage which was already there prior to the claim being made. But I don't think I need to do this in order to reach a fair outcome to this complaint. I say this because Mr H has made a claim through his home insurance provider for all the damage – which I understand has been accepted. And British Gas has offered to cooperate with the home insurer should it wish to seek a contribution. In the circumstances, I consider this part of British Gas's offer to be fair. But I will factor in the fact I think British Gas is responsible for causing avoidable damage to Mr H's home into the compensation award I consider to be fair for the avoidable distress and inconvenience he has suffered.

Mr H has set out in detail the impact this claim, and complaint, have had on him and his family – including that his daughter ended up needing to move out while repairs were carried out and that they've had to use an outside kitchen pod for cooking. I think some of the disruption he's suffered would likely have been unavoidable, as works would always have needed to be carried out to locate and stop the leak and to repair the resultant damage. But as explained above, I think British Gas's failings led to the damage worsening and so would have exacerbated the level of disruption and the impact it had.

Further to this, British Gas initially refused to cover the works Mr H paid for himself to isolate and repair the leak on the basis that his invoice wasn't on headed paper. And while I can appreciate the reasons why British Gas might take this approach more generally, in these circumstances, I think it ought to have agreed to accept the invoice much more quickly than it did.

I say this because British Gas's failure to isolate the water supply when it couldn't identify the leak, and/or to arrange a leak detection appointment more quickly, left Mr H in a vulnerable position. So, I don't think Mr H's decision to appoint his own plumber was unreasonable in the circumstances. British Gas also knew that there was definitely an ongoing leak which its own engineer hadn't been able to identify. And considering the works included on Mr H's invoice against that fact, I think the works carried out appear reasonable.

British Gas has now agreed to reimburse Mr H for the works included on his invoice that would have been covered under his policy. I think this offer is fair, providing British Gas also adds 8% simple interest to the amount due to Mr H, to compensate him for being deprived of the use of those funds as a result of British Gas's failings. But I also think British Gas's refusal to cover these costs, until the point Mr H escalated his complaint to the Financial Ombudsman Service, would have added to the avoidable distress and inconvenience, he experienced.

I think it's clear that watching his home continue to deteriorate from a known leak when he had an insurance policy which was designed to protect him in these exact circumstances would have been particularly frustrating and distressing for Mr H. Added to this, the impact the more extensive repairs had on his family, and will have on the value of the home insurance claim he needed to make, would have been understandably distressing. And it would no doubt have been frustrating and inconvenient to have to raise and pursue a complaint all the way to the Financial Ombudsman Service in order to get the works he paid for (which he shouldn't have needed to) covered and an offer of compensation above £70.

Taking all of the above into account, I don't think British Gas's second offer of £400 compensation goes far enough. I say this because I think the level of avoidable distress and inconvenience Mr H has suffered as a result of British Gas's failings and that this warrants a higher level of compensation.

In order to fairly put things right, in addition to covering the parts of Mr H's plumbers' invoice which are covered under the policy, and cooperating with Mr H's home insurer should it seek a contribution, I think British Gas should pay Mr H a total of £750 compensation."

I asked both parties to provide any further evidence or arguments they wanted me to consider within two weeks.

Mr H responded to confirm he accepted my provisional findings.

British Gas provided a response outlining why it disagreed with my provisional findings. In summary it said:

- It agreed to apply 8% simple interest to the cash settlement due to Mr H
- It agreed to cooperate with Mr H's home insurer should the need arise
- It didn't agree that further compensation, above its already increased offer, was fair. It said there was already property damage as a result of the leak and so the distress and inconvenience Mr H and his family suffered was unavoidable.

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've also carefully considered the response to my provisional decision. But having done so, my conclusions remain the same. I'll explain why.

British Gas has argued that Mr H would have experienced the same amount of distress and inconvenience regardless of its failings, but I don't agree. As explained in my provisional decision, I think British Gas failed to deal with the emergency situation as quickly as it ought to have and, as a result, Mr H's property suffered from further avoidable damage.

Again, as explained in my provisional decision, I think watching his property continue to deteriorate despite having an insurance policy which was designed to respond in these exact circumstances would have been particularly distressing for Mr H. And while I can't say for certain that the same level of repairs wouldn't have been required even if the leak was property dealt with on the first visit, or more quickly afterward, on balance I think it's more likely than not that the required repairs would have been more extensive than if British Gas provided the appropriate level service that Mr H expected and had paid for. I think the fact the leak wasn't dealt with adequately would likely have increased the value of the claim Mr H had to make with his home insurer and resulted in additional disruption when the repairs needed to be completed, which again would be avoidably distressing and inconvenient.

Added to the above, I think British Gas's handling of the claim after Mr H had works completed himself was also poor and would have caused avoidable frustration. And Mr H has had to go through the avoidable inconvenience of having to make a complaint and to pursue it all the way through the Financial Ombudsman Service just to get what he was entitled to under his policy covered.

So, considering everything that happened, I remain of the view that £400 compensation doesn't go far enough in the circumstances. To fairly put things right, in addition to the parts of my provisional award which British Gas has accepted, I think British Gas should pay Mr H a total of £750 compensation for the avoidable distress and inconvenience it has caused him.

My final decision

For the reasons I've explained above, and in my provisional decision, I uphold Mr H's complaint

British Gas Insurance Limited must:

- Reimburse any parts of Mr H's plumbers' invoice that would be covered under his policy – as it has agreed to do.
- To the above, add 8% simple interest from the point Mr H was out of pocket until the date of settlement.
- Cooperate with Mr H's home insurer should it seek a contribution toward the building repair costs – as it has agreed to do.
- Pay Mr H a total of £750 compensation for the avoidable distress and inconvenience it has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 October 2024.

Adam Golding
Ombudsman