

The complaint

Mr M complains about British Gas Insurance Limited (“BGIL”) and the service they provided after he made a claim on his Homecare cover.

What happened

The claim and complaint circumstances are well known to both parties. So, I don’t intend to list them chronologically in detail. But to summarise, Mr M held a homecare insurance policy, underwritten by BGIL, that was designed to cover Mr M in a situation where his boiler may breakdown.

Unfortunately, Mr M discovered an issue with his boiler in April 2024 and so, he contacted BGIL to make a claim. When BGIL’s engineer attended Mr M’s property, they noted the make of boiler was no longer on their approved service list. So, they made the boiler safe but they didn’t attempt, or complete, a repair. Mr M was unhappy about this, so he raised a complaint.

Mr M was unhappy that BGIL had allowed him to purchase a policy that didn’t cover the boiler he had. And, how this led to him and his wife being left without heating and hot water for a period of time. Mr M also complained about a letter BGIL sent to him saying his boiler didn’t meet industry standards when it did. So, he wanted to be compensated for the above.

BGIL responded to the complaint and upheld it. They accepted Mr M shouldn’t have been offered a policy or received a letter containing incorrect information. So, they cancelled the policy and refund Mr M the premium he had paid, alongside the £99 excess he paid when he made the claim. And to recognise the distress and inconvenience caused to Mr M by the situation, they paid a total of £260 whilst also refunding Mr M the £78 he paid to his own engineer to repair the boiler issue. Mr M remained unhappy with this response, so he referred his complaint to us.

Our investigator looked into Mr M’s complaint and didn’t uphold it. They noted it was accepted by BGIL that Mr M shouldn’t have been sold the policy or received the letter he did. And they noted it was accepted by BGIL that the error they caused impacted Mr M, leaving him needing to source his own boiler repair. But our investigator thought BGIL’s offer to resolve the complaint was a fair one, falling in line with our services approach. So, they didn’t think BGIL needed to do anything more.

Mr M didn’t agree, providing several comments explaining why. These included, and are not limited to, Mr M’s belief that our service’s approach to compensation awards was outdated and not fit for purpose.

So, he wanted to be compensated in line with the approach set by Ofgem. Mr M also reiterated how the situation had impacted him, and his wife, due to the cold weather at the time and how this impacted them as retirees and their health conditions.

Our investigator considered Mr M’s comments, but their opinion remained unchanged. Mr M continued to disagree and so, the complaint has been passed to me for a 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 the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

I note BGIL, in their own complaint response, have accepted Mr M shouldn't have been able to purchase the policy, as the boiler he had wasn't on their approved service list. And they have also accepted Mr M received a letter that contained incorrect information regarding his boiler. So, I don't think the merits of Mr M's complaint remain in dispute, as BGIL have already accepted they acted unfairly, offering Mr M a refund and compensation to recognise the above. Because of this, I don't intend to discuss the merits of the complaint in any further detail. Instead, I've turned to what I think does remain in dispute, which is what BGIL should reasonably do to put things right.

When considering this, any award or direction I make is intended to place Mr M back in the position he would've been in, had BGIL acted fairly in the first place. And I want to make it clear it's not my role, nor the role of our service, to punish BGIL or enforce changes to their business processes. This would instead be the role of the industry regulator, the Financial Conduct Authority.

I note in total, BGIL have refunded Mr M the policy premium and excess he paid, as well as covering the costs Mr M incurred paying his own engineer to repair the boiler issue. And on top of this, BGIL have paid a further £260 in compensation. So, I've thought about whether I think this total offer is a fair one, taking into consideration our service's well documented approach. Having done so, while I appreciate this will come as a disappointment to Mr M, I think it is. And I'll explain why.

Had BGIL acted fairly, I don't think Mr M would've been able to purchase the policy. Or, at the very least, he would've had access to clear and reasonable information that allowed him to reasonably understand the policy wouldn't be suitable for his needs. So, I don't think he would've paid the premiums he did. BGIL have recognised this and refunded Mr M the premiums he paid and so, I think BGIL's refund places Mr M back in the position he would've been in financially.

And had BGIL acted fairly, I think it's reasonable for me to assume Mr M would've proceeded to purchase a more suitable policy elsewhere, as I think it's clear he wanted a policy to cover him if his boiler broke down, or developed an issue, as it did. Had Mr M been able to do that, I think it's reasonable for me to assume he would've had a suitable policy in place that he would've been able to claim on.

In that situation, he would've been prevented from needing to source his own engineer to complete the repair.

And, while I can't say for certain how long this would've taken, considering the nature of the policy and that any alternative policy he took was likely to be designed to assist him in an emergency situation, I think it's reasonable for me to assume Mr M would've most likely received a repair to his boiler in a quicker time than he did.

So, I do think BGIL's error caused an avoidable delay in Mr M's boiler being repaired, which then restored heating and hot water to his property. But I can't say for certain how many

days of the delay BGIL were responsible for, as I have no way of knowing how long a repair would've taken to arrange had Mr M had an alternative policy. So, because of this, I don't think any compensation offered should be calculated daily basis and instead, I think any compensation should be considered holistically.

In this situation, BGIL have refunded Mr M the premium amount, as well as refunding the amount Mr M paid to his own engineer who completed the work and the £99 excess Mr M paid. So, essentially Mr M has received the financial benefit of the policy, without having to pay for it. Because of this, I do think the £99 excess refund, and the £78 refund for Mr M's engineers' invoice, are both financial benefits to Mr M that should be considered as part of the compensation BGIL offered.

On top of this, to recognise the delays and the inconvenience this caused Mr M, as well as the confusion caused by the letter containing incorrect information, BGIL have offer to pay Mr M a further £260 in compensation.

Having considered the above, I think the total offer put forward by BGI is a fair one, that falls in line with our services approach and what I would've directed, had it not already been made. I think it is significant enough to recognise the distress and inconvenience caused to Mr M when needing to source his own engineer, and the delays this then created in restoring heating and hot water to his home, considering the weather at the time and his personal circumstances as a retiree. And I think it also fairly takes in consideration and reflects the added stress and worry he would've been caused due to his wife's health condition and how this was impacted by cold weather, even though she wasn't a policyholder and so, can't be compensated directly under the rules we work within.

But I think it does also reflect the fact that I have no way of knowing exactly how long it would've taken another insurer to repair the issue, if he had another more suitable policy in place, as well as recognising BGIL were unable to control the time it took Mr M to source and arrange his own repair.

So, while I understand Mr M is unlikely to agree, I won't be directing BGIL to do anything more on this occasion. If Mr M hasn't cashed the cheques BGIL issued containing the compensation they offered, Mr M should now liaise with BGIL to arrange reissue of this payment, should he wish to accept BGIL's offer.

Again, I want to recognise the fact Mr M is likely to be disappointed with the above. And I want to reassure Mr M I've considered all the arguments he's put forward, which include his reference to Ofgem's compensatory approach. But I want to make it clear that our service's approach is based on the rules and regulations put in place by the financial services industry regulator, the Financial Conduct Authority. So, the approach put in place by the regulator of another industry isn't something which has impacted the decision I've reached. I appreciate Mr M has concerns about this approach, and its fairness. This is something he would need to direct to the Financial Conduct Authority directly.

I also want to recognise Mr M has provided evidence to show despite the policy cancellation, BGIL have wrote to him offering a renewal.

As this issue happened after BGIL's complaint response, it would need to be raised as a new complaint with BGIL, with them being given chance to respond within their own complaint process before our service could consider further.

My final decision

For the reasons outlined above, I don't uphold Mr M's complaint about British Gas Services

Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 December 2024.

Josh Haskey
Ombudsman