

The complaint

Mr and Ms N complain British Gas Services Limited (“BGSL”) unfairly allowed their home insurance policy to be cancelled which they say led to them not being covered for a claim.

What happened

Mr and Ms N had a home insurance policy with an insurer. BGSL was responsible for its sale and administration. They’d had policies through BGSL for several years and in November 2023 it renewed. But the renewed policy was then cancelled due to non-payment.

In March 2024 Mr and Ms N’s home was damaged by a fire. It was after this Mr and Ms N say they checked their emails and found their home insurance policy had been cancelled. They contacted BGSL and the insurer, but the policy remained cancelled.

Mr and Ms N complained to BGSL. They said, in summary, it hadn’t done enough to communicate there was a problem with the policy and therefore allowing it to be cancelled was unfair. They want BGSL to take responsibility for the fire damage, and related costs.

BGSL didn’t uphold Mr and Ms N’s complaint, so they asked our Service for an independent review. The Investigator thought Mr and Ms N’s complaint had merit. BGSL disagreed so the complaint was passed to me to decide. I issued a provisional 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.

In support of their complaint Mr and Ms N have made many detailed and considered arguments, many of them linked. I have considered them all. But I will address this complaint based on what I consider the key questions. If I don’t comment on something it isn’t because I’ve ignored it. I haven’t. Instead, I’ve focused on what I consider the pertinent points. This isn’t meant as a discourtesy; it simply reflects the informal nature of our Service.

Before I begin, I want to put forward my sympathies to Mr and Ms N. I don’t doubt an experience like this would be extremely traumatic and distressing. And I want to be clear that in my decision at times it may read as factual and potentially unsympathetic. This would not be my intention. But my role requires me to provide an objective, fact-based analysis of the merits of the complaint and ultimately, I do not intend to uphold it.

I will also state here that Mr and Ms N have said they were receiving a great deal of correspondence at the time of the renewal/cancellation – 30 to 50 emails a day. And because of challenging personal circumstances, their attention was elsewhere which meant they did not read the correspondence when it was originally received. These are points I’ve kept in my mind throughout my decision.

Could BGSL cancel this policy due to non-payment?

My starting point is the policy itself. This has, amongst other things, a section which says:

“Non-payment of premiums

[BGSL] reserves the right to cancel this policy by providing 14 days prior written notice in the event of non-payment of the premium or default if you are paying by instalments.”

So, the policy allows BGSL to cancel the policy due to non-payment by providing 14 days prior written notice. There is no dispute that payment wasn't made, so BGSL had the ability to cancel this policy.

Did BGSL give Mr and Ms N enough notice of the cancellation?

Mr and Ms N argue, in effect, one written notice isn't enough. I'm not persuaded by these arguments. I'll explain why.

- Mr and Ms N say the terms are unclear about how the cancellation will be communicated. I respectfully disagree. I find the term itself clear that written notice will be sent, and I don't find whether that's by email or letter material. They argue the term should have clarified the notice would be sent by the preferred communication method. I don't agree and find that's what a consumer would likely expect/want and it shows BGSL has followed the request of its customer by using their preferred contact method. But even so, I don't find such an addition to the terms would make a material difference one way or the other because the notice will still have been sent in a durable medium. I would further add the term itself, and how it's positioned, is not in my experience unusual for home insurance products, or many other insurance products.
- Mr and Ms N have drawn my attention to the approach our Service takes to motor insurance cancellations. I thank them for doing so. That approach, broadly, is that cancellation notices should be sent by two different mediums (for example, by email and letter). While the relevance to this complaint is obvious, there is an important difference. Motor insurance is a legal requirement. The implications are therefore immediate and could lead to a criminal conviction, and there are third-party liability considerations in the case of a motor incident too. Home insurance is not a legal requirement and homeowners can and do self-insure. While I recognise the point Mr and Ms N have made, I do not consider a comparison is like-for-like in the circumstances.
- Mr and Ms N have also kindly drawn my attention to various parts of the Financial Conduct Authority's (FCA) Principle 12, Consumer Duty, and the associated rules set out in PRIN 2A. I want to assure them these are all matters I have considered in determining the outcome of this complaint. While I'm satisfied I understand the thrust of Mr and Ms N's argument – that BGSL sending one written notice isn't enough to avoid causing foreseeable harm – I again respectfully disagree. I don't find the rules require BGSL to make changes to its processes unless there is a recognised problem with them, which I'm not persuaded there is, given the process is a common one across home insurance products.
- Mr and Ms N have been open about their challenging personal circumstances, so I've considered whether BGSL should have done something different for them. I'm not persuaded it should have. I say this because Mr and Ms N had set their

correspondence preference as email and had opted out of marketing materials, and BGSL knew little about Mr and Ms N's circumstances beyond what was needed to set up and administer their policy(s). As far as I'm aware, there was never a need for BGSL to engage with Mr and Ms N beyond standard notices and so their relationship was solely an online one, with no opportunity for BGSL to learn of Mr and Ms N's potential need for alternative communication timeframes/methods.

For the reasons set out above, I find it was fair and reasonable for BGSL to follow its standard cancellation process due to non-payment, and I find the process itself a fair and reasonable one in the circumstances.

Was BGSL's communication clear enough?

Mr and Ms N argue the subject line, first line, and content of BGSL's emails were inadequate and/or confusing and/or unclear. They further say the importance of the emails wasn't made sufficiently apparent. Given the significance of this claim to Mr and Ms N I have outlined in detail the content of these emails below.

Email 1:

On 7 October 2023 BGSL emailed Mr and Ms N to say their policy would automatically renew on 11 November 2023.

The subject of the email was:

"British Gas – Your Home Insurance Renewal invite".

The email then has a large statement in the upper half of the page which said:

"We'll renew your home insurance soon".

The content goes on to say, in quite large font".

"Your home insurance policy auto-renews with us on 11 November 2023 – so you can continue protecting the things you love. We'll take payment on 06 November 2023, using the details we have for you."

Email 2:

On 6 November 2023 BGSL emailed Mr and Ms N to thank them for renewing and to say cover would start from 11 November 2023.

The subject of the email was:

"Thanks for renewing our British Gas Home Insurance".

The email then has a large statement in the upper half of the page which said:

"Relax – you've got your home covered".

The content goes on to say, in quite large font".

"Thanks for choosing to stay with British Gas by renewing your home insurance policy with us. We look forward to taking care of your home for another year. Your cover will start on 11 November 2023."

Email 3:

On 7 November 2023 BGSL emailed Mr and Ms N to say it couldn't take their payment and to get in touch.

The subject of the email was:

"British Gas – Your Home Insurance payment has failed".

The email then has a large statement in the upper half of the page which said:

"We couldn't take your payment – please get in touch".

The content goes on to say, in quite large font:

"When you took out your annual home insurance with us, you asked us to automatically renew your policy. Unfortunately, we couldn't take payment so we can't renew your policy."

Email 4:

On 21 November 2023 BGSL emailed Mr and Ms N to say their policy had been cancelled.

The subject of the email was:

"British Gas – Your Home Insurance cancellation".

The email then has a large statement in the upper half of the page which said:

"Sorry, we've had to cancel your home insurance policy".

The content goes on to say, in quite large font:

"We're very sorry but your home insurance with us will be cancelled on 21st November 2023. If you need to discuss this with us please call us on [phone number]."

I have reviewed the emails as they were received by Mr and Ms N. They show, using the 7 November 2023 email as an example, as the following:

"home insurance
British Gas – Your Home Insurance...
Important information about y..."

I find the subject line, first line, and content of the emails to be clear. I accept when viewed on Mr and Ms N's mobile phone(s) the subject line is too long to be read in full, but I don't find I can fairly and reasonably hold BGSL responsible for Mr and Ms N's email checking habits and email settings, or their decision not to open them. After all, this was the method that Mr and Ms N selected as their preferred communication channel. Further, there is the reference to 'Important information', which I find does

convey the importance of the content. It follows I find BGSL's communication clear enough. Even if I had found the content of the emails to be unclear, Mr and Ms N have been clear themselves that they simply didn't read them, so this matter wouldn't appear to have materially changed anything.

Conclusions

For the reasons set out above, I find it was fair and reasonable for BGSL to follow the cancellation process due to non-payment, and I find the process itself a fair and reasonable one. I further find BGSL's communication clear enough.

And in any case, I'm not persuaded matters would be materially different if BGSL had sent a second notice, or worded the notice and cancellation differently, as Mr and Ms N argue it should. This is because of what they've said about their personal circumstances.

My provisional decision

I don't intend to uphold this complaint."

BGSL didn't have any further evidence or arguments for me to consider. Mr and Ms N provided a detailed and considered response, as I had come to expect. They set out why they consider BGSL's renewal process to be flawed, data and analysis around email use/practices, and why they consider motor insurance a fair comparator. They also queried my final point about what might have been different had BGSL done things differently.

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.

Mr and Ms N argue BGSL's process could be better. They suggest it take payment before saying to 'relax'. They say it could introduce other mediums to its communications process, such as postal letters or calls. And they say it could change or alternate the way it sets out the subject line, amongst other things. I agree it likely could do such things. But *could* isn't the same as *should*. I'm still satisfied, for the reasons I set out in my provisional decision, it was fair and reasonable for BGSL to follow the cancellation process due to non-payment, and I find the process itself a fair and reasonable one.

Mr and Ms N argue, in effect, the implication(s) of driving without insurance can be minimal in terms of points and fines, and unlikely to lead to a significant financial loss, whereas a lack of home insurance can have significant repercussions. I don't accept this argument. Driving without insurance can have catastrophic consequences if injury or death is caused. Motor insurance is a legal requirement to protect third parties. Home insurance is not a legal requirement and is primarily to protect the homeowner. I'm still satisfied this difference in the products means a difference in approach is fair and reasonable.

I said in my provisional decision that I'm not persuaded matters would be materially different if BGSL had done things differently because of Mr and Ms N's personal circumstances. Mr and Ms N appear to have understood this to mean I might have reached a different conclusion if their circumstances had been different. This isn't the case. The point I was making was that *if* I were to find it was unfair and unreasonable for BGSL to follow the cancellation process due to non-payment, and/or *if* I were to find the process itself an unfair and unreasonable one, I would then need to find that a second notice, or a differently worded non-payment notice or cancellation notice, would have made a material difference.

I wasn't – and still am not – satisfied I could make that finding based on what they've said about the level of correspondence they were receiving and their attention being elsewhere. They received, but did not see, the non-payment notice email, nor the cancellation notice email. So I can't be satisfied that it's more likely than not they would have seen and acted upon a second non-payment notice, or a differently worded notice and cancellation notice, considering this. But this was and is a secondary point and not the main reason(s) I have decided not to uphold this complaint.

My final decision

While I have a great deal of sympathy for Mr and Ms N, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N and Ms N to accept or reject my decision before 5 February 2025.

James Langford
Ombudsman