

## **The complaint**

Mr O complains about the service received from British Gas Services Limited ('British Gas') and says they didn't collect the direct debit for his 'Multi Premises HomeCare' policy for several years.

## **What happened**

Mr O held an insurance policy with British Gas that covered various aspects of his rental properties. The policy's premiums were set up to be paid via a monthly direct debit – but this appears to have been cancelled which meant monthly payments weren't being made. Mr O says he was first alerted to an issue when British Gas contacted him to inform him there was an outstanding balance owed of over £15,000.

Mr O was unhappy so raised a complaint with British Gas. He said he hadn't cancelled his direct debit and thought it was unfair to be asked to repay the premiums which he felt were due to British Gas' errors. British Gas considered the complaint but didn't uphold it. They said a direct debit indemnity claim had been raised which resulted in a refund of payments – and they believed direct debit had been cancelled at the same time. And they said due to a system error, this hadn't been identified, and Mr O's policy was still live and continued to renew. Mr O remained unhappy with British Gas' response to his complaint – so, he brought it to this Service.

An Investigator looked at what had happened but didn't think the complaint should be upheld. She said while she recognised British Gas could have identified the issue earlier and taken more proactive steps - British Gas still provided a service throughout the time they received no payment and she thought Mr O had benefitted from the policy as he had made several claims for his properties.

Mr O didn't accept the Investigator's findings. He said it was fundamentally unfair to place the blame and responsibility on him as a customer for a failure that originated from within British Gas' systems and processes. He said that his bank had confirmed that he did not initiate the cancellation, and he was unaware that any cancellation had taken place – especially as British Gas continued to approve claims he'd made under the policy.

Mr O asked for an Ombudsman to consider the complaint – so, it's been passed to me to decide.

## **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'd like to start by reassuring both parties that, although I've only summarised the background to this complaint, so not everything that's happened or been argued is set out above; I've read and considered everything that has been provided. This isn't meant as a discourtesy – but instead reflects the informal nature of this Service. So, this means I will

only be commenting on what I consider to be the key facts of this dispute when deciding what I think is a fair and reasonable outcome.

I appreciate a key part of this complaint focuses on a direct debit indemnity claim made in 2021. It appears as though British Gas initially believed this indemnity claim was made around the same time as a complaint in January 2020 – but this has since been clarified by British Gas' own notes as well as Mr O's bank that a claim was made in April 2021, and the direct debit was cancelled on the same day this was completed. I appreciate Mr O maintains that his bank has confirmed he did not cancel the direct debit – but I can't see that this is what his evidence outlines. An email from his bank states that the direct debit was cancelled either by himself or the company.

I don't intend to make a finding on who was most likely to have authorised the cancellation because, much like the Investigator, I don't consider this to be the main crux of this complaint, given British Gas have reduced the sum they are seeking to recover by the amount owed prior to this date. Instead, British Gas say the balance owed is from the date the direct debit was cancelled onwards. And this forms the basis of what date they should have known payments were not being collected.

I take on board and acknowledge Mr O's frustrations about what happened here. I can see that British Gas did not identify payments were not being collected which they say was due to a system error. And Mr O does make a fair submission that British Gas' agreement states if payment is not received the agreement will be cancelled no less than 30 days after the failed payment.

Under DISP 3.6.1, my remit is to determine a complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case. This means I need to make a decision on whether I think it is fair for British Gas to request payment of the premiums Mr O hadn't been paying.

Having done so, while I'm satisfied that British Gas did have a system error which meant they weren't alerted to the fact his direct debit instruction had ceased – I don't consider it fair and reasonable for me to interfere with their decision to request payments back from him.

Ultimately, these payments were due to be paid on the basis of an insurance policy which exists to indemnify Mr O against loss. And having thought about this issue very carefully, I'm not persuaded that their error means I can fairly ask British Gas to write off the balance owed, especially since Mr O benefited from cover under the policy and made numerous claims during the period in which direct debits were not being collected.

### **What was the impact**

I recognise British Gas' actions may have caused trouble and upset to Mr O, over a period of many months. I've thought about this complaint very carefully, as well as this Service's approach to compensation awards. And I've weighed up Mr O's testimony, the available evidence, and the duration of the process. But given he was refunded around a years' worth of premiums already; I don't think this was unreasonable.

I'm overall persuaded my decision here creates a fair and reasonable conclusion to this particular complaint and is a fair outcome in the circumstances. So, I do not intend to interfere with British Gas's decision to seek recovery of premiums owed.

### **My final decision**

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 2 July 2025.

Stephen Howard  
**Ombudsman**