

The complaint

Mrs R complains about how British Gas Insurance Limited (BGIL) dealt with her HomeCare policy renewal. She said it removed services without her permission to achieve a lower premium and didn't fully explain this to her, which caused financial detriment when she came to make a claim under the policy.

Mrs R is represented by her daughter in bringing this complaint. But for clarity – I'll refer to all submissions as being made by Mrs R directly.

What happened

Mrs R is a vulnerable elderly consumer who has difficulties with her hearing. She's been a longstanding customer of BGIL and has held a HomeCare Four policy for many years. This policy included cover for Mrs R's boiler, controls and central heating, an annual boiler service and repairs to plumbing, drains and home electrics. The policy also provided cover for kitchen appliances.

On 10 August 2024, BGIL posted HomeCare policy renewal documentation to Mrs R. The correspondence Mrs R received offered to renew that policy for an annual premium of £479.71. She'd previously paid an annual premium of £333.

When Mrs R received the correspondence from BGIL she said the new premium was unaffordable to her. So, she contacted BGIL by telephone on 10 September 2024 to discuss the quote with it and ask it to reduce the policy premium to within her budget.

During Mrs R's telephone call with BGIL, the operative she spoke with offered to restrict the scope of her kitchen appliance cover by removing cover for her hob and freezer. This lowered the premium to £436.11. But Mrs R stated this was still unaffordable to her as her budget was £375.

BGIL said its operative reviewed Mrs R's claims history and explained that, as she hadn't had any call outs for home electrics, plumbing or drains it could remove that component of the policy, which would reduce the premium to £364.02. But Mrs R asserted that this wasn't fully understood or explained and this meant she was unaware she'd be losing cover that she had wanted to keep.

Mrs R made payment of £364.02 for the amended policy over the telephone and BGIL said it posted amended documents to her on 11 September 2024, which confirmed the extent of cover under the policy.

Mrs R stated she didn't receive the amended policy documentation and was unwell following the call with BGIL, which resulted in her spending time in hospital recovering from her illness. She said, for this reason, she didn't contact BGIL to chase the new documents.

After renewing her policy with BGIL, Mrs R encountered a plumbing issue with her toilet. She contacted BGIL to request assistance under the policy and was informed that she no longer had cover for plumbing and drains. Mrs R stated that this was the first time she was aware

that this component of her HomeCare policy had been removed.

As BGIL declined to assist in remedying the fault with Mrs R's toilet she had to instruct a contractor on a private basis and incurred a cost of £100.04 for the repair. She complained to BGIL about what had happened and asked it to reimburse the repair cost she'd incurred. She also told BGIL that, to resolve her complaint, it should reinstate the cover it had removed free of charge and pay compensation to recognise her distress and inconvenience.

On 24 December 2024, BGIL issued its final response to Mrs R's complaint. It maintained that it had acted in line with Mrs R's request in amending her policy by removing cover for plumbing, drains and home electrics. And it disputed being unclear about that during the telephone discussion on 10 September 2024. It asserted that Mrs R understood the changes to her amended policy and the implications this would have in relation to cover. So, it didn't think it had done anything wrong. But it did offer to pay £15 in compensation to recognise that the operative Mrs R spoke with could have been clearer that cover for plumbing, drains and home electrics would continue until the renewal date (namely 14 September 2024) when it would lapse as a result of the changes made.

Being dissatisfied with BGIL's response to her complaint, Mrs R referred it to our service. Our investigator looked into what had happened and empathised with her. They didn't agree with Mrs R's assertion that BGIL should resolve her complaint by reinstating the policy free of charge. They stated that Mrs R would have had to pay to benefit from the cover that had been removed. And they weren't persuaded that BGIL should reimburse Mrs R's cost in instructing a contractor to repair her toilet.

Our investigator listened to the telephone call between Mrs R and BGIL from 10 September 2024 and thought it hadn't been made sufficiently clear that cover for plumbing, drains and home electrics had been removed as a result of reducing the cost of the policy premium. So, they recommended partially upholding the complaint on this basis. They didn't think BGIL's offer of compensation was sufficient and recommended that £75 in compensation be paid to Mrs R for deficiencies in the information presented.

Both BGIL and Mrs R disagreed with our investigator's view of this complaint and requested an ombudsman's review. I've therefore been asked to decide the fairest way of resolving this complaint.

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'm sorry to hear about the difficulties Mrs R experienced here. I know she feels very strongly about this matter and I appreciate the reasons she brought her complaint to our service. However, while I sympathise with Mrs R, the issue that I must determine is whether BGIL made a mistake, or treated her unfairly, such that it needs to now put things right.

This service is an informal dispute resolution service. When considering what's fair and reasonable, I'm required to take into account a number of matters, which include relevant law and regulations, regulators' rules, guidance and standards, codes of practice, the terms and conditions of any insurance policy and, where appropriate, what I consider to have been good industry practice at the relevant time. I'm not limited to the position a court might reach.

I've considered the duties and obligations of an insurer as set out in the Insurance Conduct of Business Sourcebook (ICOBS). ICOBS requires an insurer to provide customers with appropriate information about a policy in good time and in a clear, fair and not misleading

way so they can make an informed decision about whether that policy meets their needs. I've also taken into account Consumer Duty together with other relevant rules and guidance when determining this complaint.

I've read and considered all the information provided by Mrs R and BGIL, but I'll concentrate my decision on what I think is relevant to decide the complaint. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is the right outcome.

I've also listened carefully to the telephone call Mrs R made to BGIL on 10 September 2024. At the outset of the call, Mrs R informed BGIL that she was elderly and struggling to afford her renewal quotation. She mentioned that she was a longstanding customer of BGIL. It's clear from what Mrs R stated that she was looking for assistance in how to make her policy more affordable as the policy premium had increased significantly from £333 to £479.71.

The operative she spoke with empathised with Mrs R's situation and acknowledged the large increase in the policy premium. She reviewed records and asked whether Mrs R still owned the kitchen appliances she'd insured the previous year. Mrs R explained that she no longer required cover for her hob and freezer and the operative confirmed that, on removing these appliances, this had reduced the policy to £436.11. Mrs R made clear to BGIL that this was still out with her budget, which was £375.

During the discussion, the operative suggested removing cover for plumbing, drains and electrics because, having reviewed the claims history, there'd been no call outs under this component of the policy. I'm satisfied that an amendment of this nature would involve significantly downgrading the policy from HomeCare Four to HomeCare Two and this brought about a further reduction in the policy premium from £436.11 to £364.02.

Mrs R indicated her agreement with the price and confirmed that this would cover her boiler and issues relating to her boiler breaking down. She also confirmed the appliances the policy would cover. However, what she told the operative before she made payment of the revised premium indicated that she thought that the only changes that had been made to her policy were in relation to what appliances were now covered. I say this because the comments Mrs R made to the operative she was speaking with persuade me that she hadn't understood that cover for plumbing, drains and electrics was being removed from the policy.

I want to recognise how helpful and patient the operative was during the call Mrs R made to BGIL. However, given Mrs R's age and vulnerability, I agree with our investigator that the significant downgrade of the policy should have been made clearer during the call. Mrs R ought to have been more clearly informed that her cover for plumbing, drains and home electrics would lapse on 14 September 2024 – this being the renewal date and the operative missed an opportunity to offer that clarification. Had that clarification been provided Mrs R would have gained a better understanding of the changes that were being proposed.

I'm also persuaded the operative ought to have confirmed with Mrs R that she'd no longer be covered for issues relating to plumbing, drains and home electrics under the amended policy. And she should have been corrected by the operative when she referred to the policy amendment being the removal of various kitchen appliances. The operative missed a further opportunity to do that. And I'm satisfied that all should have happened prior to payment being made by Mrs R.

Mrs R ended her telephone call to BGIL by requesting amended policy documentation which it confirmed would be posted to her. I've seen evidence that demonstrates it's likely these documents were properly posted out to Mrs R on 11 September 2024. But I also accept Mrs R's evidence that she didn't receive the documents in question due to her ill health and

admission to hospital shortly following her telephone call with BGIL. I've no doubt that, after she was discharged from hospital and recuperating from her illness, it wouldn't have been at the forefront of her mind to check whether policy documents had been received or chase their provision. And this offers an explanation as to why Mrs R may not have chased outstanding policy documentation with BGIL – although, of course, it isn't BGIL's fault that Mrs R didn't receive her policy documentation or chase its provision as it was unaware.

While the policy documents, had they been seen by Mrs R, would have provided a clear indication to her that her cover had significantly changed, I agree with our investigator that the critical item of evidence in this complaint is the call recording from 10 September 2024 because this evidences what Mrs R's understanding was of the amendments she thought she was making to make her policy more affordable at the time she made payment.

Mrs R's age and vulnerability meant BGIL had a responsibility to ensure that she understood what was being discussed and proposed. For the reasons outlined, I'm not persuaded that Mrs R was fully informed in relation to the implications of the amendments that had been made to her policy. She only became aware that cover for her plumbing and drains had been removed when she came to make a claim under the policy later, which I've no doubt would have come as an unwelcome surprise to her.

I agree with our investigator's view that the onus was on BGIL to clearly explain the changes that had been made to Mrs R's policy and the implications of these changes for her. It should have exercised more care here. And I'm not persuaded that BGIL met its duty to present information to Mrs R in a clear, fair and unambiguous manner as ICOBS requires. It follows that I'm upholding Mrs R's complaint.

To resolve her complaint, Mrs R wants our service to direct that BGIL reinstates her policy to include cover for plumbing, drains and home electrics at no additional cost. Our investigator wasn't persuaded this was a fair resolution to this complaint and I agree with them for the same reasons they gave. In summary, our approach in resolving complaints attempts to restore a consumer to the position they'd have been in had an error not occurred. Here, the evidence demonstrates that BGIL was unable to reduce the premium price to fall within Mrs R's budget without removing cover for plumbing, drains and home electrics. This cover would always have come at an additional cost.

Mrs R clearly informed BGIL that the initial reduction in the premium to £436.11, which occurred as a result of the operative removing certain kitchen appliances, was still unaffordable. I'm satisfied that, if it had been made clear to Mrs R that BGIL was unable to provide cover for issues relating to plumbing, drains and home electrics within that premium or the price she ultimately paid, it's likely she'd have declined to proceed with her renewal. I think it's more likely that Mrs R would have taken out alternative cover with another provider and selected a policy that was more suitable to her financial situation and provided the cover she'd wanted.

It wouldn't be fair to ask BGIL to include cover for plumbing, drains and home electrics free of charge because that comes at a cost to it. The evidence has proven that BGIL was unable to provide these services within the policy premium Mrs R paid.

As our investigator has explained, we aren't here to punish businesses. And, to put things right, I'd have asked BGIL to make an appropriate award of compensation to reflect the trouble and upset caused by the shortcomings that our service has identified from the telephone call recording of 10 September 2024.

Here, BGIL acknowledged some shortfalls in service, specifically it recognised that Mrs R ought to have been more clearly informed that her cover for plumbing, drains and home

electrics would lapse on 14 September 2024 – this being the renewal date. But I don't think that admission of error went far enough. I've explained that I'm persuaded that BGI missed an opportunity to confirm with Mrs R that the amendments to her policy were significant and that she understood that changing her policy in the way proposed would mean that she'd no longer have the benefit of cover she'd had previously.

BGIL sent Mrs R a cheque in the sum of £15 as compensation for its shortfalls in service. I understand Mrs R didn't cash this cheque and that this has now expired. Like our investigator, I'm not satisfied the compensation offered here fairly and reasonably recognises the impact of BGIL's errors. I'll explain why.

To resolve this complaint, I'd have asked BGIL to apologise for the poor service Mrs R received and I'd have directed it pay a reasonable amount of compensation for the trouble and upset she was caused. Our investigator recommended BGIL increase the compensation offered to £75. I can see that BGIL and Mrs R have objected to that recommendation.

In the overall circumstances of this complaint, I think a modest amount of compensation is fair. And I'm satisfied £75 is a reasonable amount that fairly recognises the impact this all had. It's in line with what I'd have suggested had no offer been made, and it's consistent with our approach in similar scenarios. I appreciate that Mrs R will have spent time in raising her complaint with BGIL and in bringing his complaint to our service and I know she's had help with that process from her daughter. But I'm satisfied £75 compensation fairly recognises the impact BGIL's errors had on Mrs R. So, I'm not going to increase that award.

Mrs R has asked our service to direct that BGIL reimburse her the cost she incurred in instructing a contractor to repair her toilet. However, had Mrs R been covered for this service under her HomeCare policy she'd have had to pay an excess. And, as I've already indicated, had a clearer explanation been provided to Mrs R that her policy no longer included cover for plumbing and drains I'm satisfied she wouldn't have proceeded with her renewal as it wasn't affordable. It would be unfair, in such circumstances, to direct that BGIL refund the cost Mrs R incurred in having her toilet repaired.

Putting things right

I recognise the strength of feeling about the issues this complaint raises by both Mrs R and BGI and I've carefully considered everything they've said. For the reasons outlined, I'm upholding this complaint.

BGIL should pay Mrs R £75 in compensation to resolve this matter. However, other than that I don't require it to take any further action. This now brings to an end what we, in trying to resolve Mrs R's dispute with BGIL, can do for her. I'm sorry we can't help Mrs R or BGIL further on this.

My final decision

My final decision is that I uphold this complaint. British Gas Insurance Limited should pay Mrs R £75 in compensation to resolve this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 1 October 2025.

Julie Mitchell
Ombudsman