

The complaint

Mr and Mrs M have complained about their property emergency care insurer British Gas Insurance Limited because it declined their claim for a broken pipe. They are also unhappy about how it handled matters prior to declining the claim.

What happened

Mr and Mrs M own a flat, situated above a shop. They insure the flat for emergencies with British Gas. The policy has been held with British Gas for a number of years and renewed in July 2024. In August Mr and Mrs M were notified by the shop of a smell coming from a drain beneath it but which captures the flat's waste. A leak was found on the flat's waste pipe, on the part of the pipe situated within the drain.

British Gas was notified and a drainage contractor was sent to the property. After a number of visits, British Gas decided to decline the claim. It said the leak on the pipe was outside of the boundary of the flat, so the claim was not covered. Mr and Mrs M were unhappy with that – they argued the drain was within the boundary of the flat – and that a diagram in the policy book supported that. They said they were also unhappy with various aspects of the visits and service received from British Gas.

In a final response letter, British Gas said it was satisfied it had declined the claim correctly in line with the policy terms. But also, that it hadn't handled the claim well. It sent a cheque for £350 compensation.

Mr and Mrs M remained unhappy and complained to the Financial Ombudsman Service. They asked that British Gas be made to reimburse their pipe repair cost of £900 and pay them £150 which they had paid for pest control services, requested by British Gas' contractor.

Our Investigator noted the policy allowed for repairs to pipes within the boundary of the property. She viewed the policy diagram but noted it was a house, whereas Mr and Mrs M's property was a flat. She wasn't persuaded the claim decline was unfair, and whilst she noted some poor service by British Gas, she felt the compensation paid was fair and reasonable.

Mr and Mrs M maintained the pipe was, or reasonably should be considered to be, within the boundary of the flat. They said if British Gas had not intended to cover the flat's pipe into the drain – it should have been clear about that in the policy. They said they feel British Gas had not acted fairly or in good faith.

The complaint was referred to me for an Ombudsman's decision. I was minded to uphold it and require British Gas to pay Mr and Mrs M £900 for their drain repair cost. But I wasn't minded to require it to cover their pest control costs or pay additional compensation. I issued a provisional decision to explain my views. My provisional findings were:

"Pipe repair

The leaking pipe was made of cast iron. British Gas' policy covers Mr and Mrs M for:

“Steel or Iron pipes... [which are]...specifically covered by your agreement”.

With the policy saying British Gas agrees to cover; “drains...[being]...the system of waste water pipes on your property”. And defining “property” as; “a home and all the land up to your boundary...” The policy does not offer a definition for “boundary”.

On the page immediately after that setting out the policy definitions, including that for “property”, the policy includes a sectional cut away diagram of a house to show the policyholder, at a glance, the types of things covered by the policy. Whilst the definition for “property” references the boundary in a horizontal fashion, which is quite usual in land registry terms, the sectional diagram suggests there is a vertical consideration to be applied too. The diagram shows drains, and waste pipes going into those drains, under a home and draws a line, marked as “property boundary” underneath the drains – so below the land on which the home sits.

Mr and Mrs M had a pipe, within a drain, under the ground, on which their property sits. Given the diagram, and the lack of any other definition for “boundary”, I can see why they think that their claim should reasonably be covered by the policy. The difference, British Gas will likely say, is that their property is a flat and so, technically, it is the ground floor flat which sits over the drain. And I can understand that British Gas might have intended, in issuing the policy, to only be responsible for things immediately within or directly attached to the ‘bricks and mortar’ (if you will) of the property specified on the policy – in this case, the flat. But I’m not convinced its policy, as described above, clearly expresses that intent.

When a policy is not clear this Service takes the view that the most favourable interpretation of it should be applied to the party which did not draft it. In this case Mr and Mrs M. I think the policy can reasonably be read to include the pipe servicing their flat and leaking within the drain under the property. So it follows that I find British Gas’ decline was unfair. As such I intend, as noted above, to require British Gas to refund the £900 they paid to have the pipe repaired. Their invoice is date 8 September 2024, so British Gas should add interest to the reimbursement sum, applied from that date until settlement is made.

Pest control

British Gas’ policy says it won’t start work in any hazardous conditions. Such as if the presence of vermin is suspected. It was British Gas’ contractor who requested that pest control were involved. That wasn’t unreasonable given this was a sewer drain. If British Gas had not unfairly declined the claim, the pest control fee was always a cost Mr and Mrs M would have had to bear. I’m, effectively, undoing that unfair decline and making British Gas reimburse the pipe repair cost, so I can’t fairly require it to reimburse the pest control fee too.

Compensation

I do think British Gas failed Mr and Mrs M on this occasion. I can see from its final response letter it accepts that is the case; it apologised and paid £350 compensation. I trust the parties will forgive me for not going into detail here about what went wrong. My view is that the real cause of upset and frustration for Mr and Mrs M was that the claim was declined. With the prior period of poor service having added to that frustration. All of the poor service though occurred over the period of about a month. We’d usually only award more than British Gas has already paid, if there was greater upset caused over a longer period for example, many weeks or months. Given everything that happened here, including what I have found to be the unfair decline, I’m satisfied British Gas’ apology and payment of £350 compensation is fair and reasonable.”

Mr and Mrs M said they accepted my provisional findings.

British Gas said it disagreed with the outcome. It referenced another complaint considered by this Service. It said it had similarities with this one, and, in that case, another Ombudsman found in its favour. It said it was not clear why I had taken a different approach.

It offered comments from its drainage team, which said, in this type of situation, it would be common practice to see the drain in question as outside of the boundary of the flat. The team said the domestic policy offered by British Gas wouldn't cover a pipe within a commercial property as was the case here, where permission for access had to be granted by the commercial property owner, nor would it cover a pipe outside the boundary of the property which was covered.

British Gas concluded its reply by conceding that the term "boundary is not defined – except as it appears within the diagram. But it argued that the policy is clear because it says it will only cover pipes within the insured property – with "property" being clearly defined.

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.

It is often the case that parties to a complaint will see similarities between complaints which are considered by this Service. But the role of this Service, whether Investigator or Ombudsman, is to consider all of the available evidence in relation to a complaint before us to determine a fair and reasonable outcome. So our assessment is very focussed on the merits of the complaint before us. As such I can't say why another Ombudsman may have found as they did on a complaint they considered – I simply haven't had the benefit of assessing all of the evidence relevant to that complaint. What I do see in the extract of the decision British Gas provided is that reference is made to shared pipes – the issue for me here was not whether or not the pipe was shared, but whether or not it was fair for British Gas to decline Mr and Mrs M's claim on the basis the drain was not within the boundary of their property.

On that note, I thank British Gas for providing its drain specialist's comments about property boundaries. But I'm not persuaded their view – on what might normally be considered the property boundary and what British Gas intends to cover – make any difference given what I've said about the lack of clarity within the policy. As I said provisionally, I fully expect British Gas' intent was to not offer cover for this type of scenario – the issue remains as to whether the policy was clear enough to reflect that intent.

I'm still of the view the policy, regarding what British Gas considers to be the boundary of a property, is unclear. The definition for property is clear as far as it goes – the home and land up to the boundary. But then what is lacking is what does British Gas mean by "boundary". If it had given no hint of what it might mean by that at all, then its normal every day meaning would be applied. However, British Gas took the opportunity, in its sectional house diagram, to suggest that the boundary of the property would include a vertical consideration, taking into account the land under the property, below the drains. With no added explanation or clarity being given about properties which are not houses. I remain of the view the policy is unclear, and the benefit of the doubt should be given to Mr and Mrs M.

Having reviewed the responses to my provisional decision, my view on the complaint has not changed. As such, my provisional findings, along with my added comments here, are now those of this, my final decision.

My final decision

I uphold this complaint. I require British Gas Insurance Limited to reimburse Mr and Mrs M the £900 they paid for repair of the pipe, plus interest* applied from 8 September 2024 until settlement is made.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require British Gas Insurance Limited to take off tax from this interest. If asked, it must give Mr and Mrs M a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs M to accept or reject my decision before 20 August 2025.

Fiona Robinson
Ombudsman