

The complaint

Mrs P has complained that she was mis-sold a HomeCare 3 home emergency policy by British Gas Insurance Limited.

What happened

Mrs P took out a home emergency policy with British Gas in 2022. The policy was renewed three times. The policy covered her boiler, controls and central heating including an annual service, plus repairs to plumbing and drains.

She lives in an apartment with underfloor heating. Mrs P said when the boiler was serviced before 2025, the engineer sent by British Gas didn't tell her that underfloor heating wasn't covered by her policy. She says it was only on the third boiler service that the engineer told her this.

Shortly afterwards she contacted British Gas to complain that she hadn't previously been made aware of this exclusion. She wanted British Gas to refund the overpayments she'd made for her central heating cover.

Its call handler said this exclusion was set out in the policy terms and conditions which had been sent to her when she first took the policy out and on later renewals. British Gas also said that according to the service notes its engineer had told her in 2022 that underfloor heating wasn't covered by her policy.

Mrs P referred her complaint to this service. Our Investigator recommended that British Gas should refund the amount that Mrs P had paid for unnecessary cover since 2022 plus interest.

As British Gas disagreed, the matter has been referred to me.

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.

When British Gas sold the policy to Mrs P, it needed to comply with the Insurance Conduct of Business Sourcebook (ICOBS) rules set out in the Financial Conduct Authority's Handbook. These rules cover the sale of insurance policies and require an insurer to take reasonable steps to ensure a customer only buys a policy under which they're eligible to claim benefits. These rules also require an insurer to ensure a customer is given appropriate information about a policy in good time and in a comprehensible form so that they can make an informed decision. The level of information required varies but it's clear from the rules that making the customer aware of the main benefits, exclusions and limitations of the policy is important. This should include an Insurance Product Information Document (IPID) giving the consumer a summary of certain things including the main excluded risks. From what I've seen, I don't think British Gas fulfilled these obligations.

Mrs P bought the policy by telephone. A recording of that call is no longer available. But during the sale process British Gas noted that Mrs P had no radiators as part of her central heating system. In my opinion this should have led British Gas to query what sort of central heating system Mrs P had and whether it would be covered by her policy. It doesn't appear to have done that.

I appreciate that the exclusion for underfloor heating is set out in the terms and conditions but by the time Mrs P received these after inception, she'd already bought the policy. The rules specify that British Gas should ensure she was aware of the main policy benefits and exclusions before she bought it.

I've looked at the IPID. Under the heading "What is not insured" it lists 13 exclusions including "*Replacement of curved or designer radiators*" and "*Elson tanks and other specialist cylinders*". I think underfloor heating was another significant limitation on cover which should have been referred to in the IPID.

I appreciate that the IPID refers the consumer to the policy document for the full terms of the cover. Page 11 of the policy lists "*Any parts designed specifically for underfloor heating*" as one of the exclusions for central heating cover. I don't think this was sufficiently transparent for such an important exclusion. So overall I think the information about the cover available under her policy wasn't presented fairly to Mrs P.

There is some dispute as to whether an engineer made Mrs P aware of the exclusion at the time of the first service in 2022. As Mrs P contacted British Gas not long after being told this at a later service, I'm inclined to think she wasn't told that clearly. Mrs P then downgraded her cover to a HomeCare One policy.

I've listened to the call Mrs P made to British Gas after the 2025 service. It seems to me from the aggrieved tone of her voice that she had genuinely only just become aware of the exclusion. The call handler wasn't particularly sympathetic to her situation but was professional.

Putting things right

To put things right I think British Gas should refund Mrs P the difference between the premiums for the HomeCare 3 policy and its cheaper policy which wouldn't have covered her central heating system plus simple interest of 8% from the date she paid the premiums for such cover to the date of settlement.

My final decision

I uphold this complaint and require British Gas Insurance Limited to put things right as set out above.

If British Gas Insurance Limited thinks it's required by HM Revenue & Customs to deduct income tax from any interest due to Mrs P, it should tell her how much it's deducted and give her a certificate showing this if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 11 May 2026.

Elizabeth Grant
Ombudsman