

The complaint

Mrs G has complained about the way British Gas Insurance Limited handled a claim under a HomeCare policy.

Mrs G is represented in this complaint by her daughter, Mrs F.

What happened

Mrs G and the late Mr G made a claim under a HomeCare policy on 22 October 2024 when the hot water system in their home stopped working. British Gas realised the annual service included with their policy was 18 months overdue. It sent an engineer who serviced the boiler and fixed the hot water issue.

On 29 October the boiler started to leak. At that point there was no heating, hot water or electricity in the house although electricity was restored later. On 30 October Mrs F contacted British Gas on her parents' behalf. She stressed that they were elderly and vulnerable due to poor health. An engineer visited them later that day. He said there was a problem with the pump and he'd order a new one.

The next day another engineer was sent to the house but he didn't resolve the issue. When Mrs F called British Gas for an update, she was told there was no record of anyone with the same name as the second engineer on its system. Mrs F chased British Gas several times between 1 and 3 November but heard nothing.

Mr and Mrs G decided to instruct their own plumber to install a new lower pump as they were still without heating and hot water. That cost them £318 but again it didn't resolve the issue.

British Gas promised to send an engineer on 4 November but later cancelled that visit. On 5 November an engineer fitted an upper pump. When the boiler was still not working, he said there was probably a problem with their energy-saving device (commonly referred to as a "magic box"). He told them that the energy-saving device wasn't covered by their policy.

On 13 November Mr and Mrs G arranged for their boiler to be replaced which cost them £2,500.

They complained to British Gas. It offered £250 compensation for the inconvenience of multiple visits and the misdiagnosis of the problem. It later offered £102.31 compensation for the fact that an annual service had been missed. This amount comprised a refund of the service cost being £65, interest of £7.31 and £30 compensation.

Mr and Mrs G referred a complaint to this service. They wanted British Gas to refund their premiums as they thought the presence of the energy-saving device meant their cover was effectively redundant. They also wanted British Gas to refund the cost of the new boiler.

Our Investigator upheld the complaint in part. He recommended that British Gas should refund the £318 paid for the pump. British Gas accepted this.

Very sadly Mr G has since passed away.

Mrs G felt British Gas should have highlighted the fact that the presence of their energy-saving device meant their policy didn't give them the protection they were expecting.

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.

My understanding is that a "magic box" is an external energy-saving device fitted to a boiler. These devices aren't covered by the policy terms. There's an exclusion in the policy which says:

"Energy/central heating management systems

We won't repair or replace energy or central heating management systems."

So I agree that British Gas wasn't responsible for repairing or replacing this device. There's no evidence to suggest that there was a fault with any other part of the boiler other than the energy-saving device.

This exclusion is a significant term for any customer with such a device. This exclusion was on page 32 of the policy. The index on page 3 pointed out that General Exclusions started on page 31. There weren't very many general exclusions and they had clear sub-headings. I appreciate that Mrs G thinks British Gas should have highlighted this exclusion to them. But the policy terms are clear and British Gas didn't advise them to take out the policy. There wasn't an issue with the energy-saving device previously, so I wouldn't expect this exclusion to have been brought to their attention as part of the annual service.

On balance I'm satisfied that British Gas did enough to bring this exclusion to the attention of Mr and Mrs G. I don't think British Gas treated them unfairly in relying on the exclusion to refuse to repair/replace the energy-saving device and/or the boiler. Although unfortunately for them their energy-saving device wasn't covered by the policy, that doesn't mean the policy was worthless. It covered the boiler, controls and central heating together with an annual service of the boiler. So I don't think it's justifiable to require British Gas to refund the premiums they'd paid over the years as they'd had the benefit of other cover.

When British Gas identified that an annual service had been missed, it refunded the cost of the service plus interest and compensation of £30. I think that was reasonable in the circumstances.

As British Gas has accepted that it should pay for the cost of the new pump, I don't need to consider that further. It should also add simple interest of 8% from 3 November 2024 to the date of settlement.

It's clear that British Gas didn't handle this claim well, especially as it was made aware that Mr and Mrs G were elderly and both suffering from serious health problems. They were without heating and hot water for six days before British Gas advised them that the fault wasn't covered by their policy. In addition there was the original misdiagnosis of the problem and poor communication throughout their claim. This caused unnecessary trouble and upset at what was already a very difficult time. But to its credit British Gas has recognised that and offered compensation of £250. That is in line with what I would have awarded if no such offer had been made. I won't therefore require British Gas to do any more.

My final decision

I uphold this complaint in part and require British Gas Insurance Limited to pay Mrs G £318 being the cost of the pump plus simple interest at 8% from 3 November 2024 to the date of settlement.

If British Gas Insurance Limited considers it's required by HM Revenue & Customs to deduct income tax from the interest, it should tell Mrs G how much it has taken off and give her a tax deduction certificate if she asks for one so that she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 12 February 2026.

Elizabeth Grant
Ombudsman