

complaint

Ms G has complained that British Gas Insurance Limited failed to complete an annual boiler service for a number of years. This resulted in her boiler breaking down and having to be replaced.

background

I issued a provisional decision earlier this month. An extract from that decision follows:

“Ms G has a home emergency policy with British Gas for a property she is letting out. Ms G has complained that British Gas serviced her boiler only once in the eight years she has held this policy. She said British Gas left her tenant and her young family in a potentially dangerous situation by not servicing the boiler.

Ms G said she didn't realise British Gas hadn't serviced the boiler for a long time because when she checked British Gas's online system it didn't say the service was outstanding.

The boiler started leaking in December 2015. Ms G said she realised not long after that that the boiler hadn't been serviced in a long time. She said by that point she had lost faith in British Gas and she also didn't think it would send an engineer quickly enough to look at the boiler. So she decided not to make a claim under the policy. Instead she called an independent engineer. He told her the leak had been going on for some time. He said it would cost £300-£400 to repair the boiler. But he recommended Ms G replace the boiler instead. Ms G got a second opinion from another engineer. He said the parts would cost more than a new boiler and also recommended Ms G replaces the boiler. Ms G replaced the boiler at a cost of around £1700.

British Gas agreed that it hadn't serviced the boiler and also another appliance Ms G had taken out cover for. It agreed to pay Ms G back the amount which it says corresponds to the cost of each inspection that wasn't carried out. This came to a total of £552. It said it wouldn't refund Ms G's premium in full because she still had the benefit of her home emergency cover. It also said because Ms G didn't make a claim under her policy, it wasn't given the opportunity to inspect the boiler and carry out the repairs. So it didn't think it had to pay for the cost of the repairs or for the new boiler.

Our adjudicator thought the complaint should be partly upheld. She agreed to the refund of £552 that British Gas offered but said interest should be added to this amount. She also said British Gas should pay Ms G the cost of what she would've paid to repair her boiler (£300-£400) had she not chosen to replace it instead. British Gas didn't agree to pay the interest or the cost of the repairs. It offered to pay around £100 instead which is what it would've paid to carry out the repairs. Ms G didn't agree.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

the annual service

British Gas has accepted that the boiler was only serviced once. But it said this was because Ms G never responded to its yearly reminders. British Gas said its policy says it will contact

the policyholder three times about arranging an appointment to have the annual service. It's then up to the policyholder to get in touch and arrange this. But British Gas was sending the letters to Ms G's tenanted property, not the one she lives in. It's not clear whether this was the address Ms G gave British Gas when she took the policy out.

Ms G told British Gas her tenant was receiving the letters but she was throwing them away because she thought they were advertisements.

I think there is a responsibility on both sides to make sure the appointments take place. British Gas accepted the letters were being sent to the wrong address. But I also think it would've been reasonable for Ms G to have asked her tenant and then British Gas about the annual service after all these years. In the circumstances, I think British Gas's offer to pay Ms G the cost of the missed service appointments is reasonable. And because Ms G has been making these payments over the years and not having the annual service I think British Gas should pay interest in addition to those payments. I agree with British Gas that Ms G still had the benefit of her home emergency policy so I don't think it has to refund her premiums in full.

Ms G said had British Gas inspected the boiler yearly it would've identified the leak sooner and she wouldn't have had to buy a new boiler. As I said above I don't think the missed service appointments were purely down to British Gas. And, as far as I'm aware there's no evidence as to when the leak occurred so it's not possible for me to say when the leak would've been discovered, even if British Gas had done an annual service.

the cost of the repairs

British Gas said it wasn't given an opportunity to repair the boiler because Ms G didn't make a claim under her policy and called another engineer instead. The other engineer said it would cost around £300-£400 to repair the boiler. Both the engineers Ms G got to look at the boiler recommended that she get a new boiler instead. The new boiler cost around £1700.

Under the terms of the policy British Gas would only replace the boiler if it couldn't repair it. And this would depend on the age of the boiler. Because both the engineers who inspected the boiler said it was repairable, I think on balance, had British Gas inspected the boiler it would've repaired and not replaced it. So I'm not going to ask British Gas to pay for the cost of the new boiler.

Ms G said she didn't make a claim to British Gas because she had lost faith in it and also she didn't think it would be able to get someone to take a look at the boiler quickly enough. Unfortunately I don't think that's enough for me to say British Gas should pay for the cost of the repairs. Without the claim being reported to British Gas it's difficult to say how it would've dealt with it.

Our adjudicator said British Gas should pay Ms G the cost of the repairs- £300 to £400. British Gas said it would've paid around £100 to carry out those repairs. So it offered to pay this amount to Ms G.

Had Ms G made a claim to British Gas in the first place, I think British Gas would've carried out the repairs and the most Ms G would've had to pay was an excess if there was one. So, in the circumstances, I think British Gas's offer to pay Ms G what it would've cost British Gas to repair the boiler is fair.

my provisional decision

For the reasons above, I'm considering partly upholding Ms G's complaint against British Gas Insurance Limited. British Gas Insurance Limited must pay Ms G:

- *£552 for all the missed service appointments. It must also pay interest on this amount from the date each payment was made to the date it makes payment at the simple rate of 8% per year*.*
- *£103.24 which is what it would've cost it to repair the boiler."*

developments and findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

British Gas didn't have anything further to add in response to my provisional decision. Ms G responded to say that two different engineers saw her old boiler and said it would cost more than £100 to repair. And that British Gas didn't see the boiler so it's not possible for it to estimate the cost of fixing it.

As I said in my provisional decision, I think the boiler was repairable. And had Ms G made a claim to British Gas, it would've carried out the repairs. British Gas said the repairs would've cost it around £100. So I think it's fair and reasonable that this is the amount it pays to Ms G.

my final decision

For the reasons above, I'm partly upholding Ms G's complaint against British Gas Insurance Limited. British Gas Insurance Limited must pay Ms G:

- £552 for all the missed service appointments. It must also pay interest on this amount from the date each payment was made to the date it makes payment at the simple rate of 8% per year*.
- £103.24 which is what it would've cost it to repair the boiler.

British Gas Insurance Limited must pay the total compensation within 28 days of the date on which we tell them Ms G accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision until the date of payment at 8% per year simple*.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 28 October 2016.

Anastasia Serdari
ombudsman

*If British Gas Insurance Limited considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Ms G how much it's taken off. It should also give Ms G a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.