

## **complaint**

Mr K complains that British Gas Insurance Limited is responsible for mishandling a home emergency insurance policy.

## **background**

The Financial Ombudsman Service deals with one complaint against one regulated financial firm at a time. We deal with complaints about mis-selling as complaints against the firm that sold the policy. We deal with complaints about mishandling of claims as complaints against the insurance company.

Where I refer to British Gas I refer to the insurance company of that name and I include engineers and others for whose actions I hold that company responsible.

With effect from 1 January 2017 Mr K took out a British Gas HomeCare Two policy. In March 2017 British Gas did a first visit.

In September 2018 Mr K called British Gas for help with his central heating system. British Gas said he had a problem with his energy management system - that wasn't covered.

Mr K paid £299.88 for a new policy with another insurance company which fixed his problem on 9 October 2018. He complained that British Gas should refund the payments he had made to it and to the other insurer.

### *our investigator's opinion*

Our investigator didn't recommend that the complaint should be upheld. She thought that British Gas had followed the terms of Mr K's policy correctly.

### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr K and to British Gas on 30 September 2019. I summarise my findings:

The policy terms excluded energy management systems.

British Gas did enough to bring that exclusion to Mr K's attention when he bought the policy. So I didn't find that British Gas treated Mr K unfairly by relying on that exclusion.

Subject to any further information from Mr K or from British Gas, my provisional decision was that I wasn't minded to uphold this complaint. I didn't intend to direct British Gas Insurance Limited to do anything further in response to this complaint.

Mr K disagreed with the provisional decision. He says, in summary, that:

- What constitutes an energy management system isn't defined on pages 4 and 5 of the policy.

- He wouldn't have been comfortable taking out an insurance policy which didn't cover all his central heating and hot water equipment.
- British Gas left a job sheet on 16 March 2017 but he is unable to find it. British Gas hasn't provided any evidence as to what was recorded on the job sheet.
- He doesn't agree that the computerised record is enough evidence that he was aware he had an energy management system.
- On the first visit, British Gas should at least have offered a cheaper product that covered only the boiler - or invited him to cancel the policy. If British Gas had done so, he would've taken out an appropriate policy immediately and avoided being without central heating and hot water for such a long time.
- He contacted the boiler manufacturer in September 2018. Its minimum call out charge was £300.00.
- He took out a repair and care plan with another insurer at a cost of £299.88. The primary purpose was to repair his central heating and hot water system. It also included ongoing protection until 27 March 2019. At the very least British Gas should reimburse the cost of £299.88.

British Gas is in agreement with the provisional decision.

### **my findings**

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

From what Mr K and British Gas each say, I find that Mr K had a central heating system with an external sensor and a controller to make adjustments in line with the weather.

I find it likely that Mr K got some information from the British Gas website about HomeCare. But I think that information was subject to the detailed terms of the policy.

In December 2016 Mr K bought the British Gas policy to cover his central heating system including an annual boiler service. British Gas hasn't sent us a call recording. But I find it unlikely that there was any mention of energy management systems.

At that time the current British Gas policy terms were those dated October 2015. There was a general exclusion as follows:

***“Energy/central heating management systems***

***We won't repair or replace energy or central heating management systems”***

British Gas wasn't responsible for giving Mr K advice about whether the policy met his needs. And the policy was one from which he could get some benefit, for example an annual service and boiler repairs. For that reason I don't find it fair and reasonable to direct British Gas to refund his premium.

The exclusion of energy management systems was a significant term for any customer with such a system. I wouldn't usually find it reasonable for British Gas to rely on such an

exclusion unless British Gas did enough to draw the exclusion to the attention of the customer at the time of sale of the policy.

The exclusion was on page 31 of the policy terms.

But there was a clear index on page 2 leading to the “*General Exclusions*” on pages 30 and 31. And the summary of insurance products on page 9 also highlighted those general exclusions. Those exclusions weren’t too numerous and had clear sub-headings including the last one “***Energy/central heating management systems***”.

So on balance I’m satisfied that British Gas did enough to bring the exclusion to Mr K’s attention when he bought the policy.

The policy provided for a first visit for British Gas to check that it could cover Mr K’s boiler and central heating. The policy provided as follows:

- “If we find it’s not on the **approved list** or it has a pre-existing fault we’ll either:*
- Tell you what needs to be done to fix it – and how much it’ll cost*
  - Or, offer you a different **product** or level of cover*
  - Or, cancel your **agreement** or **product**”*

A first visit took place on 16 March 2017. I’ve seen a British Gas record as follows:

*“CODE0/1ST VISIT COMPLETE/CUSTOMER AWARE ENERGY MANAGEMENT SYSTEM NOT COVERED/COD TESTED/FLUE SEALED”*

I find it likely that British Gas left Mr K a job sheet. I haven’t seen such a sheet. The main purpose of the visit was to check that British Gas could cover Mr K’s system. So – from the computerised record - I find it more likely than not that British Gas had ensured that Mr K was aware that he had an energy management system that the policy didn’t cover.

I don’t think that’s the same as finding that the boiler or central heating system wasn’t on the approved list or had a pre-existing fault. So I don’t find that British Gas had to cancel the agreement or offer a different product.

I’ve seen a British Gas record dated 24 March 2017 as follows:

*“CODE 0/COMBINATION VALVE PRV FITTED”*

From that I think that British Gas had - under the policy - fitted a pressure release valve. So Mr K did benefit from the policy.

With effect from 1 January 2018, the policy was automatically renewed. At that time the current British Gas policy terms were those dated September 2017. There was the same general exclusion as quoted above.

In June 2018 British Gas did an annual service.

On 26 September 2018 British Gas responded to Mr K’s report that his central heating wasn’t working. British Gas declined to fix it.

Mr K has shown us a handwritten job sheet saying that there was a fault with his “*weather compensating controls*”. That’s not the same wording as its computerised record that says “*FAULT WITH ENERGY MANAGE SYSTEM*”.

And the policy covers the boiler and its controls without defining what it excludes as “*energy or central heating management systems*”.

But – from the note of the first visit – I find that Mr K did have an energy management system and British Gas had told him he had one. And – from the notes of the visit on 26 September 2018 – I find that there was a fault with that system.

I’ve found that the policy terms excluded energy management systems and that British Gas did enough to bring that exclusion to Mr K’s attention when he bought the policy. So I don’t find that British Gas treated Mr K unfairly by relying on that exclusion.

Mr K chose to take out a policy on 27 September 2018 with another insurer. That cost him about £300.00. That covered the repair and six months’ cover.

In the event, Mr K was left without heating or hot water for about 14 days. I don’t doubt that was inconvenient and distressing.

But I haven’t found that British Gas treated him unfairly. So I don’t find it fair and reasonable to direct British Gas to make any payment or to do anything further in response to his complaint.

### **my final decision**

For the reasons I have explained, my final decision is that I don’t uphold this complaint. I don’t direct British Gas Insurance Limited to do anything further in response to this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr K to accept or reject my decision before 22 November 2019.

Christopher Gilbert  
**ombudsman**