

complaint

Mr B has complained about the length of time that British Gas Insurance Limited (BG) took to repair a faulty installation, and that it won't reimburse him for the cost of a new heating system.

background

Mr B had a HomeCare insurance policy with BG that covered his boiler, controls and central heating and also included an annual service.

On 17 January 2019, Mr B had a flood at his home caused by a burst pipe in his heating system. BG repaired the burst pipe the following day. Further problems were then identified with Mr B's boiler, caused by sludge that may have moved when the pipe burst.

It was then noticed that Mr B's thermal store cylinder was leaking. On 1 and 2 February BG replaced this under his policy with a new cylinder from Supplier G.

Mr B says that after this new cylinder was fitted, it made a loud noise for four days which he says caused him sleepless nights. BG returned on 5 February and diagnosed that when fitting the new cylinder, two pipes had been plumbed in reverse.

Mr B says he was also experiencing intermittent fluctuations in the water temperature of his shower which he says was approaching dangerous levels. He says he was told by BG that there wasn't a fault with the new tank and instead that one of his taps was possibly leaking cold water into the hot water system, and until this was checked nothing more would be done. So Mr B called in his own plumber who checked all the taps and the shower in the house. No mixing of water was found. He identified loose connections to the water pump which were causing it to cut out. He also identified other installation problems with the new cylinder. Mr B had to pay his plumber £360. BG replaced the pump, and its position was changed.

The water temperature continued to fluctuate. BG's service manager visited Mr B's property with an engineer from Supplier G on 8 March to test the water temperature. BG says that its tests proved that the water temperature at the taps and shower were the same as set at the tank thermostat and were not dangerous. Mr B says he has proof of temperature spikes, and that showering with a consistent water temperature was a lottery. According to BG, when Mr B raised the option of having a combination boiler instead, he was told that a combi boiler would not be fitted as an alternative to a thermal store cylinder.

BG says that from 9 March until 3 April 2019 discussions continued with Supplier G, who felt that the existing cylinder could be repaired, and a number of further visits were made by BG and Supplier G. Supplier G suggested a modification to the cylinder but this wasn't acceptable to Mr B or BG. Mr B says that on 22 March BG measured up for a replacement cylinder.

BG says that on 3 April Mr B was offered three options: (i) to replace the faulty cylinder with a direct replacement from Supplier G (ii) replace the faulty cylinder with a differently designed tank (unvented) from Supplier G, or (iii) BG would investigate whether it could beat the quote Mr B had received for a combi boiler (which it couldn't).

BG says that Mr B “out of the blue” asked for a direct replacement. On 9 April, BG asked Supplier G what the delivery time would be and was informed it would be a minimum of 12 days. Mr B researched availability of a similar cylinder and found that he could get one in four days from a well known chain of plumbers’ merchants.

Mr B wasn’t prepared to wait a further two weeks as a minimum for a replacement cylinder to be ordered and then installed. He maintains that the cylinder that was installed on 1 February should’ve been replaced with a new cylinder within a week or so of BG not being able to repair it. Instead he’d been without reliable hot water since the new cylinder has been installed in February. He says he’d had to take five days holiday while BG tried to find a solution to the fluctuating temperature problem with multiple visits by engineers from both BG and Supplier G. He says he’d simply been advised not to use the hot water if he felt it was unsafe.

Mr B decided to have a new combi boiler installed instead. He argues that as it’s an unvented system, it could be flushed in the future to keep it free from sludge, which had been present in his existing system. BG has said that an unvented tank (option ii) could also be flushed. Mr B says his combi boiler cost him over £3,000 including installation, and he wants BG to reimburse him for this cost. He argues that the cost of the combi boiler itself wasn’t a great deal more than the cost of the new cylinder that BG had offered to install.

BG says that the fault with Mr B’s fluctuating water temperature was intermittent, which made it more difficult for its engineers to diagnose. It says it arranged for Supplier G’s engineers to visit alongside its engineers so that the fault could be rectified as quickly as possible. It also argues that installing a combi boiler is an upgrade to his system, and that any upgrade isn’t covered by the terms of his policy.

BG also argues that Mr B’s HomeCare policy is a service and maintenance agreement. If BG gets things wrong, it puts them right. If a system fails and becomes faulty, it replaces the part/appliance with one of the same or similar functionality.

BG acknowledged the inconvenience that had been caused to Mr B, and offered to replace the problematic cylinder and do upgrade work free of charge and make a goodwill payment of £300.00. Alternatively, if Mr B didn’t want his cylinder replaced, it would give him £400.00 towards a new system. BG also agreed to reimburse to Mr B the £360 he’d paid to his own engineer to investigate the initial problems he’d experienced after the fitting of the new cylinder. BG has paid Mr B £660. It also agreed to waive two outstanding invoices totalling £120.

BG says that although it offered Mr B various options to resolve the issue with his cylinder, at no time did it offer him a replacement boiler. This was Mr B’s choice. It says that its offer to complete the work under his policy and to pay him £300.00 was fair and reasonable, but Mr B declined this in favour of replacing his whole system with a combi boiler. BG has said it won’t reimburse him for this, and has referred to the General Exclusions in his policy which state:

“Cash in lieu

We won’t offer you cash instead of carrying out an annual service, repairs or replacements.”

As Mr B wasn't satisfied with BG's final response to his complaint, he brought it to this service. Our investigator's view was that the £300 compensation BG had offered was fair and reflects the inconvenience caused to Mr B.

Mr B didn't agree with our investigator's view and asked that it be reviewed by an ombudsman. It was passed to me to make a decision. I issued a preliminary decision on which BG has commented. Mr B has provided his comments on BG's comments.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint, and I've taken account of the responses received from BG and Mr B to my provisional decision. I'm going to uphold Mr B's complaint and to make a different award to that of our investigator, and I'll explain why.

I can appreciate Mr B's frustration that, having paid a premium for a service from BG that was supposed to ensure his heating and hot water system worked properly, he was without a reliable hot water supply for at least nine weeks, for which he blames BG.

In my view, Mr B suffered an unacceptable level of service from BG. BG doesn't appear to dispute that problems were initially caused by the incorrect installation of Mr B's new cylinder on 1-2 February 2019. It doesn't appear to agree about the fluctuations in Mr B's water temperature nor that these were sometimes reaching a dangerous level. It's only explanation for the fact that after some nine weeks there was still no resolution to the problem was that it was intermittent, and so was hard to diagnose. Mr B was simply advised that if his hot water reached a dangerous level he should call BG and "*a BG engineer would attend ASAP to test/prove/fix*". BG has said it never received any such call from Mr B. But I think it's clear that BG and Supplier G had been attempting to "test/prove/fix" since early February without success.

I consider that BG had an obligation to Mr B under his policy to repair or replace his cylinder and that it had had ample time within which to do so. It hasn't been suggested that anything else was responsible for the fluctuating temperature. Despite Mr B having complained to BG on 1 March, and many visits by BG and Supplier G after that date, it wasn't until early April that BG told Mr B what his options were.

Mr B didn't want a replacement cylinder as that would've involved even more delay. He'd been advised by others that a combi boiler would have advantages over his existing system. BG says that this amounts to an upgrade. Mr B accepts that it could be perceived as an upgrade, but he maintains that it was a "guaranteed fix" that would avoid further costly problems in the future.

In the circumstances of this case, I don't think it's fair for BG to simply pay Mr B £300 compensation because he rejected its offer of a replacement cylinder. BG had an obligation to repair or replace Mr B's cylinder. It had offered to do so, and would've incurred a cost in doing so.

But BG has said that supplying and installing a new cylinder wouldn't have cost it anything as it would be covered by Supplier G's warranty. But that's something between BG and Supplier G that doesn't concern Mr B. His relationship is with BG, and it's not fair to Mr B if BG doesn't effectively compensate him for not having his cylinder repaired or replaced.

I don't think it would be fair for me to require BG to reimburse to Mr B the full cost of his new combi boiler as I think that it could reasonably be regarded as an upgrade. Nor would it be fair to Mr B, if he'd opted for a different system, for BG to avoid its liability under his policy.

I think the fair and reasonable outcome in this case would be for BG to make a contribution towards what Mr B had to pay to replace his system, and that that contribution should be what it would've cost BG to supply and install a replacement cylinder, which is what it had offered to do under his policy. I think this is what Mr B might well have chosen if this had been offered to him earlier instead of some nine weeks later with a further 12 days before availability.

As to BG's policy term which say that it won't pay cash in lieu of a repair or a replacement, I don't consider that it's reasonable to apply this to a situation where the customer pays for a repair or replacement themselves, as opposed to claiming cash instead of a repair or replacement.

So I'm proposing to require BG to pay Mr B what it would cost BG to supply and install a cylinder equivalent to the one that was installed on 1-2 February 2019 on the assumption that there was no warranty provided by Supplier G.

I also think that Mr B should receive compensation of £400 for the long delay in determining that a new cylinder was required, the five days holiday Mr B had to use, and the general trouble and upset that I consider he experienced since BG's installation of the cylinder in February 2019. BG has already paid him £300 compensation, so I'm going to require it to pay him a further £100.

my final decision

For the reasons I've given above, I'm upholding Mr B's complaint and I require British Gas Insurance Limited to pay Mr B a sum equal to:

- (i) the trade cost of a replacement cylinder of the same model as that installed in February 2019; and
- (ii) the cost to BG of installing such new cylinder (assuming this was not done under the manufacturer's warranty).

British Gas Insurance Limited must also pay interest on (i) and (ii) above at 8% simple from the date of installation of Mr B's new Combi boiler.

British Gas Insurance Limited must also pay Mr B further compensation of £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 August 2020.

Nigel Bremner
ombudsman