

complaint

Mr B's complaint is about the handling of claims and the service provided by British Gas Insurance Limited in relation to a central heating insurance policy.

background

I issued a provisional decision on this matter in June 2020, part of which is copied below:

"Mr B has held a central heating insurance policy with British Gas for a number of years. He made a claim in April 2018 when his boiler stopped working and was leaking. British Gas said the heat exchanger needed replacing but this was now obsolete; as it could not find a replacement heat exchanger the boiler was beyond economic repair. British Gas says the policy doesn't cover a replacement boiler and so there is nothing more it could do.

Mr B is very unhappy with the service provided by British Gas. Mr B says British Gas's engineers caused further damage to the boiler, failed to repair it and it has not replaced it. The boiler has not worked since April 2018. When complaining about the handling of this claim, he has also raised a number of other issues, which I've summarised below:

- *In late 2012, British Gas attended to a problem with the immersion heater. Mr B says he was advised to wait until the following summer to have it fixed, as the engineers were worried about breaking the boiler. Mr B says he called back in August and September 2013 to try and get this sorted out but British Gas had still not fixed it.*
- *In 2015 his boiler pump was faulty. British Gas sent an engineer out who behaved strangely and left without fixing the boiler. When Mr B complained he was asked if he had smelt the engineer's breath (British Gas's representative implied the engineer had been drinking). Mr B says British Gas's engineer broke the pump and so it needed replacing. A second engineer came out and replaced the pump but it took seven months. The second engineer also told Mr B he needed to have a power flush carried out and quoted him £800 for this.*
- *Mr B says the power flush was only necessary as a result of British Gas's earlier poor work. When he called British Gas to discuss this, it told him the power flush was not required.*
- *In 2018, the boiler was faulty again. Four engineers attended and didn't fix it but they broke the gate valve in the airing cupboard and also cut a pipe in the attic. A fifth engineer then called and told him it would not replace the items they had broken and if he called British Gas out again, he'd be charged.*
- *The engineer was aggressive towards him and he also stayed parked on his driveway for 30 minutes. When he contacted British Gas to report this, it was suggested that this engineer was unreliable.*
- *He found the part required available online and reconditioned parts are available.*
- *He has had to continually contact British Gas to try and resolve the issues with his boiler and heating. It has still taken payment for the policy and even sent him reminders for annual services.*
- *British Gas installed the 12 kw boiler but when discussing a new boiler, it told him it needed to be an 18 kw boiler.*
- *He had to contact the boiler manufacturers himself, who told him the boiler hasn't been adequately serviced. British Gas only check the emissions and do not clean and adjust it, as is actually required. And they only spend 15 minutes doing each service.*

Mr B wants British Gas to replace his boiler, the gate valve in the airing cupboard and the broken pipe in the loft.

British Gas accepts that its engineers broke the gate valve and offered to replace it but says it has been unable to make an appointment to do so. British Gas has also made a number of submissions, which I've summarised below:

- It has annually serviced the boiler as per the terms and conditions of the policy and in line with safety regulations. It has completed all the necessary checks to ensure the boiler was in a safe condition.*
- Mr B's boiler went out of production on 1996, and the manufacturers stopped making replacement parts in 2006. It told Mr B in 2006 that the boiler was therefore on the reduced parts listing and it may not be able to get parts required to repair any breakdown. It was for Mr B to then decide whether to keep the cover or not.*
- It sent copies of the terms and conditions annually. This explained the level of cover and clarified the reduced parts listing.*
- After the boiler broke down in 2018, it was unable to get the parts required to fix it from any of its preferred suppliers. Mr B did say he could find it online but it was unable to find a reputable supplier who stocked the required parts. It did everything it could to try to obtain the parts. Its terms also make clear it won't use reconditioned parts.*
- It had expected Mr B to contact it to arrange another appointment to fit the immersion heater in 2013, but didn't hear from him. It fitted this free of charge in April 2018 in response to the complaint.*
- After Mr B complained, it cancelled the policy in July 2018 and refunded the premiums paid since April 2018 when the boiler was capped off and condemned (i.e. £78.41 in total, which was paid part by cheque and part bank transfer). British Gas also paid Mr B £50 compensation for a delay in looking at his complaint and £30 towards temporary heaters.*

One of our investigators looked into the matter. He didn't recommend that it be upheld. The investigator said there is no cover under the policy unless [the boiler]... is less than ten years old but Mr B's boiler was older than this. He was satisfied British Gas had made sufficient effort to try and get the part required to repair the boiler but had been unable to get it. The investigator also didn't think British Gas had done anything wrong with regard to the immersion heater, as there was no record of Mr B contacting it about this in 2013.

The investigator also told Mr B that we could not look into his complaint that British Gas installed a 12 kilowatt boiler in 1996 and was now telling him that was inadequate and he needed an 18 kilowatt boiler. As this wasn't provided as part of an insurance cover, it is not something we can consider.

The investigator thought British Gas's offer of the refund, compensation and money towards heaters was reasonable and did not recommend that British Gas do anything further.

Mr B doesn't accept the investigator's assessment. He says:

- The investigator has effectively said he is lying about having chased up British Gas about the immersion heater, when he said there was no record of him contacting it. He has notes of all the people he spoke to and has not just made up those names. Just because British Gas hasn't provided a record of those calls, it is not fair to assume they didn't happen.*

- *There are a number of errors and the investigator hasn't taken his side of things into account.*
- *He was told that he needed an £800 part. When he complained to British Gas about this, it agreed he shouldn't have to pay for it.*

As the investigator hasn't been able to resolve the complaint, it has been passed to me.

my findings

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

immersion heater

British Gas agrees that the immersion heater was to be replaced in late 2012. There is a record on its file that this was to be done in the summer of 2013. British Gas says it expected Mr B to contact it about this. Mr B says he did, several times by phone to British Gas and that he also brought it to the attention of engineers who attended his property on other matters.

British Gas says it has no record of any calls from Mr B chasing this up but it hasn't provided copies of all its telephone notes. I have no reason to doubt what Mr B has said about this. In any case, in my opinion it was not for Mr B to have to chase this up. British Gas had a responsibility to carry out the work and it should not have been or Mr B to chase this up.

I am pleased to note that the immersion heater has now been replaced after Mr B complained. However, I consider that some compensation is appropriate for the delay in doing so. I consider £150 to be appropriate.

leak claim

When British Gas inspected the boiler it found the heat exchanger had split and was leaking. British Gas says it couldn't get a replacement heat exchanger from any reputable suppliers. Mr B says he was able to find ones online.

I have no evidence about what was available other than British Gas's statement that it couldn't find parts. I've seen no contemporaneous evidence of any search for parts from any suppliers. However, I also have no evidence that the part was available. And I note, the boiler was last made in 1996 and the manufacturer stopped making parts for it in 2006.

Overall therefore on the limited evidence that is available, I am not persuaded that it was unreasonable to determine the boiler as being beyond economic repair. British Gas is entitled to only use parts from reputable suppliers and use new parts, if repairing under the policy. Mr B would of course have the choice to use second hand or reconditioned parts if he wanted to have it repaired privately. I do not therefore agree that British Gas is responsible for replacing Mr B's boiler. Given this it follows that I also don't consider British Gas is responsible for the time Mr B was without heating and hot water after this claim.

pump claim

Mr B made a claim in March 2015, as his boiler was overheating and cutting out. It was diagnosed as a problem with the pump. Mr B says it took seven months to fix the boiler and

the pump was broken by a British Gas engineer and so had to be replaced.

British Gas's notes record that an engineer attended in March 2015 but left without carrying out any repairs: "couple of mins work he left the property declining the job as he couldn't work in those conditions". I've not seen any evidence of any attempt to reschedule the repair visit. The pump was later replaced but this was not done until November 2015. This is not reasonable. There has not been any explanation as to why this work was not carried out sooner and nothing to indicate that anything changed between those two appointments, It would seem the boiler was working during that time albeit intermittently, as the fault made the boiler cut out. I therefore consider that the sum of £250 compensation is appropriate for the delay in dealing with this claim.

broken gate valve and pipe

British Gas accepts that its engineer snapped the immersion heater valve off in its open position. British Gas initially said it would not replace the valve as it is not needed, "it is open and not causing any damage."

I don't consider this to be reasonable. British Gas broke the valve and as a result apparently had to cut off another pipe in the attic. It should make these good or pay cash in lieu of a repair. I have no evidence about how much it would cost to have this work done, so I would suggest £100 would be appropriate compensation for this issue, if Mr B would prefer a cash settlement in lieu of British Gas replacing the valve and repairing the pipe. Either party may submit further evidence about this in response to this provisional decision, if they do not agree with this figure.

power flush

I can see British Gas recommended and a quote was provided for a power flush. Mr B was advised that no sludge related problems would be covered by the policy unless he had the power flush done but that is in line with the policy terms and so I do not think this is unreasonable. As there is no convincing evidence it was wrong to advise this work, I do not intend to make any award in relation to this.

annual services

The Gas Safe website says there's three possible level of checks that can be carried out on gas appliances: a safety check; a gas installation safety check; and an annual service. The following is an extract from the gas safe website: "What's the difference between a safety check and a service? ... What is an Appliance Safety Check? An appliance safety check at a minimum includes all of the checks and tests to ensure the appliance is safe to operate... What is an Appliance Service? An appliance service will include all the above checks and tests and any other specific checks, for inspection and/or cleaning of the appliance as specified and detailed in the appliance manufacturer's instructions... Note: some appliance serving regimes provide an interim performance check (annual) to be used in order to determine the degree of dismantling the appliance and the level of servicing required."

British Gas's policy schedule, sent to Mr B each year said: "Once a year we'll come round to service your gas appliance to make sure it's running safely and efficiently". And the policy document says: "Gas appliance...what's covered?... an annual service". The reader is then referred to the definition of 'annual service' several pages further into the policy booklet, and

which says: "Annual service One of our engineers will visit your home once a year to check that your appliance, boiler or central heating and ventilation is working safely and in line with relevant laws and regulations. We'll also test the gases your appliance and boiler produces. If these tests show that it's necessary to take your appliance or boiler apart to adjust or clean it, we'll do so."

It seems clear to me that British Gas's definition of an annual service is not the same as Gas Safe's definition or most peoples' general understanding of what an annual service would entail. Gas Safe makes clear that an annual service should be carried out in accordance with the manufacturer's instructions. I can't see that British Gas has made it sufficiently clear to its policyholders that this is not going to be done with its version of an annual service. While the Gas Safe explanation has the rider that some servicing regimes might not always include dismantling an appliance this doesn't state that it won't be in line with manufacturer's instructions. British Gas hasn't provided any evidence to show that its checks would meet the Gas Safe definition of an annual service or most people's general understanding of what that means. Essentially, therefore it seems to me that British Gas's 'annual service' is a gas safety check and so it's misleading to call it an annual service, when that has a different meaning to most people. In any case, I don't think the policy is clear enough.

It is generally considered that a lack of proper servicing will shorten the life span of a boiler and so I can understand Mr B's concern about this. There is no convincing evidence it has shortened the lifespan of Mr B's boiler, or that it has caused any of the faults reported, which would be difficult to establish. However, I consider that some compensation should be paid for the loss of expectation in this regard. I consider the sum of £200 to be appropriate.

continuation of cover and refund of premiums

Mr B is unhappy that he has continued to pay premiums when the boiler has been on the reduced parts list for some time. British Gas says it has attended a number of times and managed to repair the boiler still, despite this and so Mr B has had the benefit of cover over that time. British Gas also says it was up to him at each renewal to decide whether it was worth continuing the cover and it made clear to him that there was a possibility of not being able to get any parts needed. I do not consider British Gas has acted unreasonably in this regard. It was able to continue repairing the boiler until the 2018 claim.

British Gas also continued to take premiums for the policy after the boiler was capped off and determined to be beyond economic repair. I am pleased to note that British Gas has now refunded the premiums Mr B paid after that but he should not have had to complain for this to be done. The policy was of no benefit to Mr B after his boiler was capped off and British Gas should not have continued to take payments and wait for him to complain. British Gas has refunded the premiums taken but I consider it should also pay an additional £25 compensation for this.

my provisional decision

I intend to uphold this complaint and require British Gas Insurance Limited to do the following:

- *pay a total of £625 compensation for the distress and inconvenience caused by its handling of his policy (this is to include the £50 already offered, so if that has already been paid, British Gas only needs to pay the remaining £575); and*
- *replace the gate valve and make good the broken pipe; or pay £100 in lieu of these repairs.”*

I invited both parties to respond to my provisional decision with any further information or arguments they want considered.

British Gas’s response to my provisional decision

British Gas does not accept my provisional decision and has made the following submissions:

- It has provided details of all communications and there’s no record of Mr B contacting it about the immersion heater. In any case, as it is a back-up water heater, whilst Mr B’s boiler was working there was no urgency to replace it. There was good reason to postpone this work until it was absolutely necessary and the impact of this delay was minimal, as a replacement was arranged promptly as soon as it was required again (when the boiler breakdown occurred) not because Mr B had complained specifically about this. Additional electrical work was also carried out, which did not form part of the contract he had with British Gas. Compensation is not therefore justified.
- In March 2015, an engineer attended the property for 35 minutes and secured the pump housing; this is external to the pump and would not have required any work to the pump itself. No issues were reported about the pump until November 2015, when Mr B said the boiler was overheating and cutting out. An engineer went out to fix the problem but after a couple minutes, he left the property politely declining the job as he couldn’t work in these conditions. The repair visit was rebooked for 20 November 2015 and the repair to the pump was carried out. This was not an unreasonable timeframe. It is also important to note that sludge was present in the system and there were circulation problems as a result. Sludge is the natural build-up of deposits in the boiler or central heating system as it corrodes over time. The pump is designed to pump clean water around the central heating system and the presence of sludge indicates that the water quality was poor. It is therefore more likely, based on the evidence available, that the condition of the central heating system was the reason for the pump failure, rather than Mr B’s belief that a British Gas engineer caused this.
- Mr B alleges that the engineer snapped the immersion heater (gate) valve. There is nothing in the notes regarding how it was snapped off or when this occurred. However, individual components do deteriorate over time and the risk of this happening would have been greater given the age of the system (installed circa 1980). Whilst Mr B may consider that British Gas caused this, this was not the result of negligence on the part of the engineer. A replacement valve was fitted in the loft on 9 April 2018 and this provided a suitable means of isolation for the immersion heater, which was replaced the following day (10 April 2018). It was explained to Mr B that there was no justification for the original valve to be replaced (in the original location) because a suitable alternative had already been installed elsewhere, our contractual obligations under the policy were therefore fulfilled. The offer to return

and replace the original valve in the original location was made as a gesture of goodwill, not because of any technical or contractual responsibilities, but Mr B did not respond with a suitable date at the time of the original investigation. As already explained, there was no impact on the functionality of the system or evidence of wrongdoing on the part of British Gas. It does not therefore agree that compensation is warranted for this.

- Mr B made his complaint when the boiler was deemed to be irreparable, so it is not correct that it waited for him to complain before taking any action in regard to cancelling the policy. It backdated the refund of premium to the date the boiler became inoperable, even though it visited the property after this date. It couldn't have stopped the premiums any earlier as it was investigating whether it was appropriate to cancel the cover; this was not unreasonable given the complexity of the issues raised. Nevertheless, the refund was arranged in July 2018, when Mr B specifically requested it (and prior to the conclusion of the complaint). Therefore, no compensation is justified in respect of this.
- With regard to the annual services, I awarded £200 compensation for Mr B's loss of expectation in this regard, but it is unclear what Mr B's expectations were in this regard. The boiler was more than 20 years old when it stopped working in 2018. The average lifespan of a boiler is between 10-15 years, therefore Mr B's boiler exceeded average expectations.
- It has serviced the boiler each year in accordance with the policy terms, which state: "British Gas will service your boiler to make sure it's running safely and efficiently". There is no evidence of poor servicing in the case of Mr B's boiler and so nothing that would warrant compensation.
- In addition, British Standard BS 7967: 2015 and the "*Guide for the use of electronic portable combustion gas analysers for the measurement of carbon monoxide in dwellings and the combustion performance of domestic gas fired appliances*": This says that the use of flue gas analyser, pioneered by British Gas, has meant that boilers don't always need to be stripped down and cleaned during each service. It says the evidence is that unnecessary dismantling and re-assembling of a boiler may cause a greater risk of failure; and the use of analysers during a service can determine the specific interventions required for the boiler being serviced.
- When the boiler installed in Mr B's property was produced, it pre-dated the widespread use of analysers and therefore referenced the 'older style' of servicing in its instructions. Modern boilers now quote specific CO and CO2 readings as part of their service schedule - this being the primary driver as to how much internal cleaning is required. A modern service schedule is best described as a series of checks with action being taken when the results are outside the given parameters. BS 7967: 2015 is based on the British Gas service policy and is the only published British Standard which covers boiler servicing using a flue gas analyser. British Gas's own service policy exceeds the requirements of the standard, requiring engineers to consult the manufacturer's servicing instructions for the boiler and perform any safety specific requirements detailed by the manufacturer. It is therefore maintained that British Gas's approach to servicing is in line with the relevant laws and regulations and it doesn't agree that its literature is misleading in any way.

Mr B's response to my provisional decision

Mr B has also made some further comments in response to my provisional decision, summarised below:

- He has been informed the part required to repair the boiler is available from a reputable suppliers with manufacturer's guarantee. He contacted the manufacturer in April 2018 and was told new parts were available; large stocks are held for some time after production ceases. He told British Gas this but it did not search for the part from any suppliers and didn't contact the manufacturer.
- The repair of the gate valve and repairing the pipe in the attic could costs considerably more than the £100 I have suggested.
- He assumed the boiler British Gas installed was the correct size for his house but then in 2018 he was told it was much too small and he needed an 18kw boiler (rather than the 12kw boiler it had installed).
- British Gas has caused many issues and damage to his home and it should now put this right by installing a new boiler of the correct size.

my findings

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

immersion heater

Mr B says he chased British Gas up about the immersion heater repeatedly. I noted in my provisional decision that I had not seen any documentary record of this. However, I also stated that I did not think this was for him to have chased British Gas for this to be done.

British Gas says the postponement of this work was justified and I note that Mr B did apparently agree to this at the time. But I remain of the opinion that it was not for Mr B to chase this up with British Gas direct, or raise it with its engineers at other times.

British Gas says the immersion heater was replaced shortly after the boiler broke down – when it was necessary to use it – and so any inconvenience for Mr B was minimal. I do not agree. While Mr B apparently agreed to it not being replaced in 2012, it was not for him to chase it and it should have been done in a timely manner after that. If it had been, it would have been available for Mr B to use at any point and he would not have had to have it replaced as an emergency basis after his boiler broke down.

British Gas attended on 5 April 2018 to the boiler breakdown and referred to some “confusion” about the immersion heater in its final response letter – I don't think there is any confusion – it was meant to be replaced by the summer of 2013. The immersion heater was replaced on 10 April 2018, so Mr B was without hot water for five days as a result. If the immersion heater had been replaced in 2012 or 2013, this would not have been the case. While I note British Gas says it completed some electrical work as well, which would have been chargeable, I remain of the opinion that £150 is appropriate compensation for this delay.

pump

The records show there was a problem with the pump dealt with in March 2015. British Gas says this was just in relation to the pump housing and was a separate issue from that reported to it in November 2015. The notes provided to me are not clear about this; there is no record on the papers provided about what the reported problem was in March 2015 and why securing the pump housing would have resolved this.

Mr B says he continued to have issues with the boiler after March 2015 but again there is no record of what was reported between then and November 2015, when the pump was replaced and pipes worked on. Given this, I am not minded to change my opinion on this matter and still consider that £250 compensation is appropriate.

Broken gate valve and pipe

British Gas says it didn't break the valve, or if it did it would have been inevitable given deterioration over time of the various central heating system components. It also says a replacement valve was fitted in the loft on 9 April 2018 and this provided a suitable means of isolation for the immersion heater; and it explained to Mr B that there was no justification for the original valve to be replaced (in the original location) because a suitable alternative had already been installed elsewhere. British Gas says it offered to replace the original valve in the original location as a gesture of goodwill, not because of any technical or contractual responsibilities, but Mr B did not respond with a suitable date at the time of the original investigation.

While the valve might not have broken due to any negligence, British Gas would still have a responsibility to fix it. It says now that it explained to Mr B that the valve was effectively replaced but in a different location, I've seen no contemporaneous evidence of any such discussion about the location of the valve with Mr B. British Gas also earlier said it was broken off in an open position and so not causing any problem. It also offered to replace it in the original position.

I still remain of the opinion that it should have been replaced in the original position. Mr B says the repairs will possibly cost a lot more than the £100 I have proposed. However, there is no quote for the work required and so on the basis of the evidence available to me I remain of the opinion that £100 in lieu of this work is not unreasonable. Alternatively, Mr B can opt for British Gas to do this work if he prefers.

refund of premium

British Gas had declared the boiler irreparable and refused any cover for it in early April 2018. It says it was reasonable to continue to collect premiums until July 2018, while this was investigated and further visits took place during that period. However, no repairs or claims were dealt with after the date it condemned the boiler, so nothing was provided in exchange for the premiums after that date.

I remain of the opinion, it was not reasonable for it to continue and only refund the premiums in July 2018 when Mr B specifically asked for the refund. Mr B had raised a complaint about the repair of his boiler in April 2018 but the refund was only given when he specifically complained about that issue. He should not have had to do so. I remain of the opinion that £25 is appropriate compensation for this.

annual service

British Gas has provided details of the British Standard guide for the use of flue gas analysers when servicing boilers. However, nothing in that affects the information from the Gas Safe Register, which says there is a difference between a gas safety check and an annual service. This makes clear that some cleaning of internal parts would be expected in an annual service, in particular the heat exchanger.

Mr B clearly had an expectation that there would be some internal checks and cleaning, rather than solely gas emissions checks, as he raised this issue as part of his complaint. I haven't suggested that a boiler would need to be stripped down entirely – that is not what Gas Safe says is required but it does say there would be more than a gas safety check.

While British Gas has provided information which it says justifies the way it carries this out it does not change my opinion that most consumers would consider an annual service to entail more than is routinely done under this policy, for the reasons set out in my provisional decision. There is no convincing evidence that this caused any loss of lifespan of the boiler. The main point is that Mr B was not getting the service he thought he was paying for. I remain of the opinion that compensation of £200 is appropriate for this.

leak claim

Mr B is still adamant that British Gas could have repaired the boiler in 2018 and that it should now replace his boiler.

He has said again that parts are available from reputable suppliers. I have not seen any independent evidence to support this. I have also searched online myself. While I have not exhausted all suppliers by any means, I have not found the heat exchanger for Mr B's make and model boiler available. I am therefore not persuaded that it was wrong to declare the boiler as irreparable in 2018. British Gas has no obligation to replace the boiler in that situation, given the age of the boiler at the time. (The policy only provides replacement boilers where the insured boiler is less than 10 years old.)

I note Mr B also says again that the wrong size boiler was installed by British Gas initially, but I cannot address this part of the complaint as it was not done as part of any insurance obligation.

I therefore remain of the opinion that British Gas is not responsible for replacing the boiler and is not responsible for the trouble caused to Mr B by his boiler not working since 2018.

my final decision

I uphold this complaint and require British Gas Insurance Limited to do the following:

- pay a total of £625 compensation for the distress and inconvenience caused by its handling of his policy (this is to include the £50 already offered, so if that has already been paid, British Gas only needs to pay the remaining £575); and
- replace the gate valve and make good the broken pipe; or pay £100 in lieu of these repairs.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 October 2020.

Harriet McCarthy
ombudsman