

complaint

Mr E complains that British Gas Insurance Limited mishandled his home emergency insurance policy.

background

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.

On 27 April 2018 Mr E took out a British Gas 'HomeCare Two' policy. It covered his boiler and his central heating system. He agreed to pay an annual premium of about £174.00 by monthly instalments of about £14.50.

The policy was subject to a "*first service*" to check that British Gas could cover his boiler. On 27 June 2018 British Gas did the first service and said it could cover the boiler. The engineer also did an annual service.

Mr E called for help with his boiler in November 2018. British Gas said it couldn't fix the boiler or continue to cover it. British Gas cancelled the policy. Initially it refunded £6.55 as part of an instalment Mr E had paid.

Mr E complained that he had to pay a plumber over £600.00 to fix his boiler.

In its final response letter, British Gas said it had refunded a further £87.00 (all six of the instalments that Mr E had paid).

After he brought his complaint to us, Mr E provided a copy of the plumber's invoice (for £620.53) and we sent it to British Gas. British Gas offered Mr E £50.00 as a goodwill gesture.

our investigator's opinion

Our investigator recommended that the complaint should be upheld. He didn't think that the business had acted completely fairly by only issuing a full refund of the premiums and offering £50.00 as a goodwill gesture. He said that Mr E would've been able to get insurance from another company and as a result his boiler costs would've been covered. But as he was never given this opportunity, he had to get his boiler repaired privately. The investigator recommended that British Gas should cover the costs for the boiler repairs in addition to the premiums that had already been refunded.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr E and to British Gas on 28 May 2019. I summarise my findings:

I wasn't persuaded that there was any particular reason why British Gas couldn't repair the boiler. Therefore I thought that it should've repaired it under the terms of the policy. I was satisfied that the plumber's invoice (dated 20 December 2018) showed that Mr E had to pay his plumber £620.53.

He would've had no expectation of a refund of premium- especially if he made a claim. Indeed he would've had to pay the £60.00 excess for a completed repair.

Therefore (unlike the investigator) I was minded to find it fair and reasonable to direct British Gas to compensate Mr E as follows:

plumber	£620.53
less:	
initial refund of premium	£6.55
further refund of premium	£87.00
policy excess	£60.00
total	£466.98

Subject to any further information from Mr E or from British Gas, my provisional decision was that I was minded to uphold this complaint in part. I intended to direct British Gas Insurance Limited to pay Mr E:

1. £466.98 towards the cost of his plumber;
2. simple interest on that amount at the yearly rate of 8% from 20 December 2018 to the date British Gas pays him. If British Gas considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it must tell Mr E how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Mr E agreed with the provisional decision.

British Gas hasn't responded to 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.

The welcome letter said that Mr E had "*HomeCare Two (£60 Excess)*". So I think that British Gas would've charged him £60.00 for each completed repair.

The policy terms included the following:

*"At the **first service** our engineer will check that your boiler is on our **approved list** and your boiler or **central heating** and ventilation don't have any pre-existing faults. 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*
- *Offer you a different **product** or level of cover*
- *Or, cancel your **agreement** or **product**"*

*"...If we can't get hold of the parts we need we may need to cancel your **agreement** (or part of it) unless you're eligible for a **replacement**. If we've agreed to cover a boiler or appliance but warned you that it might be difficult to find spare parts, we'll do what we can, within reason, to **repair** it."*

*"We can cancel your **agreement** or **product** if:*

- ...
- *Your boiler ...isn't on our **approved list***
 - *We find a pre-existing fault during your **first service***
 - *We can't find the parts we need to **repair your boiler...despite our attempts***

The use of bold type denotes words and phrases defined in the policy terms. And "**approved list**" was defined as follows:

"approved list
- *boilers, appliances or parts that we can **repair or replace***"

So, in my view, the test for whether Mr E's boiler was excluded as not being on the British Gas "approved list" is whether British Gas couldn't repair or replace it.

British Gas sent us an extract which said – in relation to the model of boiler Mr E had - the following:

"Boiler not yet British Gas Service Listed, but some or all parts may be available"

There has been no suggestion that there is anything unusual about that model of boiler.

The engineer on the first service uploaded a note including the following:

"ADV RSL"

I think that's an abbreviation of "*Advised Restricted Service List*" which is British Gas jargon for having told Mr E that not all spare parts would be available for his boiler.

From the policy terms quoted above, I think British Gas was obliged to tell Mr E – at the first service – if his boiler wasn't on the approved list. It didn't tell him that until much later – when he had problems in November 2018. I think it was too late to tell him then.

I can see that the visit on 12 November lasted nearly an hour. So I don't think the engineer said straightaway that he couldn't repair the boiler. I think he tried to repair it but decided he couldn't.

British Gas hasn't explained whether this was because of a lack of spare parts or for some other reason. And, of course, Mr E's plumber succeeded where the British Gas engineer had failed. During three visits on 30 November, 14 December and 18 December he replaced a diverter valve manifold and a hot water valve diverter.

So I'm not persuaded that there was any particular reason why British Gas couldn't repair the boiler. Therefore I find that it should've repaired it under the terms of the policy. I'm satisfied that the plumber's invoice (dated 20 December 2018) shows that Mr E had to pay his plumber £620.53.

British Gas hasn't provided evidence that it would've been possible and cheaper for Mr E to arrange "repair and cover" with another provider. And I find it fair and reasonable to order British Gas to reimburse Mr E the amount of £620.53 (subject to what I say later).

I don't find that British Gas treated Mr E fairly by cancelling the policy. And the fact that it later refunded his instalments of premium doesn't mean that British Gas was entitled to treat the policy as though it had never existed.

I think Mr E had the benefit of the policy from the time he took it out, after British Gas did the first service, during its visit on 12 November and until British Gas cancelled it. The policy covered not only the boiler but also the wider central heating system.

Mr E had agreed to pay the instalments. And he had enjoyed the benefit of the promotional voucher. He would've had no expectation of a refund of premium- especially if he made a claim. Indeed he would've had to pay the £60.00 excess for a completed repair.

Therefore (unlike the investigator) I find it fair and reasonable to direct British Gas to compensate Mr E as follows:

plumber	£620.53
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As Mr E has been out of pocket since 20 December 2018 I will order British Gas to add interest at our usual rate.

I've thought about ordering British Gas to pay compensation for the distress and inconvenience it caused Mr E. But I think much of that was to do with the fact that he had to pay the plumber. So I think that the award of interest is enough to put that right.

my final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct British Gas Insurance Limited to pay Mr E:

1. £466.98 towards the cost of his plumber;
2. simple interest on that amount at the yearly rate of 8% from 20 December 2018 to the date British Gas pays him. If British Gas considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it must tell Mr E how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 19 July 2019.

Christopher Gilbert
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