

complaint

On behalf of Mrs O, her daughter Mrs S complains that British Gas Insurance Limited mishandled Mrs O's home emergency insurance policy.

background

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

Mrs O's policy had a renewal date in late January each year. In early January 2018 Mrs S contacted British Gas to ask for an annual service visit for Mrs O's gas boiler and fire. British Gas told her the policy hadn't been in force since January 2017.

Later it said it had made a mistake about that. It acknowledged that Mrs O had paid a premium of about £500.00 for the year January 2017 to January 2018. Mrs S asked for a refund of that premium. She complained that British Gas made a number of inadequate offers, most recently of £180.00.

Our investigator's opinion

Our investigator recommended that the complaint should be upheld. She thought that British Gas had failed to meet its obligations. She said British Gas had sent a cheque for £180.00 but Mrs O couldn't cash it because it was in the wrong name. The investigator recommended that British Gas should refund Mrs O her premium for the policy year 2017-2018 - £527.02.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mrs O and to British Gas on 9 October 2018. I summarise my findings:

Mrs O had the benefit of cover for the policy year 2017-2018. So I didn't share the investigator's view that it was fair and reasonable to order British Gas to refund the premium of £527.02.

I was minded to find it fair and reasonable to order £130.00 for the missed annual service visit and £150.00 for distress and inconvenience.

As Mrs O paid for that service visit when she made her payment for the policy year from January 2017, I intended to order British Gas to pay interest on the £130.00 at our usual rate.

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

1. £130.00 for the missed annual service visit; and
2. simple interest at the yearly rate of 8% on that amount of £130.00 from 22 January 2017 to the date British Gas refunds it. If British Gas considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it must tell Mrs O how much it's taken off. It should also give Mrs O a tax deduction certificate if she

asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate; and

3. £150.00 for distress and inconvenience.

Mrs S says Mrs O accepts the provisional decision. But she says that it was pure luck that Mrs O didn't have to ask for help in an emergency and suffer more stress.

British Gas disagreed with the provisional decision. It says, in summary, that there's nothing in the terms and conditions to say that it would reimburse a consumer for a missed service. So British Gas thinks it had already offered a fair amount.

my findings

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

I've seen a British Gas renewal letter dated 22 December 2016. It's an unsatisfactory document for reasons I will come back to. But from that letter I think Mrs O had a British Gas policy that covered repairs to her central heating and hot water system, other plumbing, drains and home electrics. It also entitled her to an annual service of her gas boiler and her gas fire.

The reason I think the renewal letter is unsatisfactory is because the dates don't make sense. The letter is dated 22 December 2016 but it said the policy would expire on 22 January 2016 unless Mrs O renewed it for the year to January 2017. The renewal letter quoted the yearly premium of £527.02 for that year (commencing January 2016). But it referred to a change in insurance premium tax with effect from October 2016.

I find it likely that British Gas sent the renewal letter about a month before the renewal date of 22 January 2017.

Notwithstanding the dates in the renewal letter, both British Gas and Mrs S say that in early January 2017 Mrs O paid £527.02 for the year from 22 January 2017 to 21 January 2018. British Gas says that – by mistake - it didn't allocate Mrs O's payment to her account.

British Gas had sent a renewal letter and Mrs O had paid the premium. So British Gas was wrong to note the policy as suspended, expired or cancelled.

From its records I accept that British Gas wrote to Mrs O. On 1 February 2017 it reminded her to get covered. On 2 March 2017 it said she was no longer covered. I find it likely that Mrs O received these letters. But Mrs O had recently made the payment. So I don't think the letters were appropriate. And I don't find it unreasonable that she didn't respond to them.

As the policy had been in Mrs O's name, I can only look at the effect the mistake by British Gas had on Mrs O and not on Mrs S.

And there's no evidence that Mrs O needed any repairs or contacted British Gas during the policy year 2017-2018.

Mrs O didn't get an annual service visit during that policy year. And I think that was due to the mistake by British Gas.

On Mrs O's behalf, Mrs S contacted British Gas in early January 2018. She asked to arrange an annual service. And that was when she and Mrs O found out about the mistake.

I don't doubt that Mrs O was taken aback by this news. She was upset that she had paid for an annual service visit she hadn't had. She was also concerned that she had paid for insurance cover that wouldn't have been there for her if she'd needed it.

British Gas accepts that Mrs O would've had difficulty if she'd tried to arrange a repair visit in the policy year 2017-2018. But I accept that it's likely that British Gas would've found out that Mrs O had paid for that year and it would've accepted that she was covered.

If Mrs O had tried to arrange a visit and British Gas had maintained that she wasn't covered, then I think she would've brought her complaint to us and we would've ordered British Gas to treat Mrs O as covered by the policy.

In other words, I think Mrs O had the benefit of cover for the policy year 2017-2018. So I don't share the investigator's view that it's fair and reasonable to order British Gas to refund the premium of £527.02.

Rather, I've thought about the value of the annual service visit that Mrs O didn't get. And I've thought about the effect of the mistake by British Gas in terms of the concerns and inconvenience Mrs O had when she found out about it.

I accept that British Gas tried to put things right. It sent out policy documents for the year January 2018 to January 2019 and arranged a service visit in February 2018. And it made offers of money to Mrs O. Its final response letter offered £180.00. From its file I can see that this was £130.00 for the missed annual service visit and £50.00 for distress and inconvenience.

And I've seen a copy of a British Gas cheque for £180.00. Mrs O couldn't pay it in because it got her name wrong (with the first syllable completely incorrect). In recognition of that further mistake, British Gas has made an increased offer of £230.00.

I've thought about what I would've ordered if British Gas hadn't made its latest offer. Overall I find it fair and reasonable to order £130.00 for the missed annual service visit and £150.00 for distress and inconvenience.

As Mrs O paid for that service visit when she made her payment for the policy year from January 2017, I will order British Gas to pay interest on the £130.00 at our usual rate.

my final decision

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

1. £130.00 for the missed annual service visit; and
2. simple interest at a yearly rate of 8% on that amount of £130.00 from 22 January 2017 to the date British Gas refunds it. If British Gas considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mrs O how much it's taken off. It should also give Mrs O a tax deduction certificate if she

asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate;
and

3. £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 19 December 2018.

Christopher Gilbert
ombudsman