

## **complaint**

Mr S and Ms H complain that British Gas Insurance Limited is responsible for poor service in connection with a home emergency insurance policy.

## **background**

Where I refer to British Gas I refer to the insurance company of that name and I include other companies and individuals insofar as I hold that insurance company responsible for their actions.

Mr S and Ms H moved home in January 2019. On 7 March 2019 Mr S took out a British Gas policy. As they shared the home, I consider that Ms H also had the benefit of the policy.

The policy was subject to policy terms. These included a "first service" to check that the central heating boiler was on the British Gas approved list of boilers it could cover. On 22 March 2019 British Gas visited and the boiler passed the first service.

A few days later, Mr S and Ms H reported a hot water problem. On 27 March 2019 British Gas visited and said the boiler wasn't on its approved list. British Gas cancelled the policy.

Mr S and Ms H got quotes for the installation of a new boiler. British Gas quoted £2,804.00. Mr S and Ms H accepted another company's quote and paid £2,328.00 including a magnetic filter. Mr S and Ms H complained that British Gas should've replaced the boiler under the policy.

In a final response dated 23 May 2019, British Gas said it made an error on the first service. British Gas offered Mr S and Ms H £30.00 as a goodwill gesture. Unhappy with that, they brought their complaint to us. They say British Gas should reimburse the £2,328.00 they had paid the other company less £132.00 for the magnetic filter – that is £2,196.00.

### *our investigator's opinion*

Our investigator recommended that the complaint should be upheld in part. He thought that British Gas hadn't acted fairly and reasonably. He said the original boiler currently retails between £600-700. £320.00 would be similar to around 50% of the average retail price of the original boiler. He recommended that British Gas should pay a further £320.00 in compensation as a contribution towards Mr S and Ms H's cost.

### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mr S and Ms H and to British Gas on 17 March 2020. I summarise my findings:

British Gas didn't cover the boiler for replacement.

The mistake by British Gas caused Mr S and Ms H some extra upset and inconvenience when they found out about it at an already difficult time

Subject to any further information from Mr S and Ms H 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 S and Ms H (jointly) £150.00 for distress and inconvenience.

Mr S and Ms H disagree with the provisional decision. He says, in summary, that:

- It's unclear why the investigator's opinion awarding £350.00 in compensation (which was far too low) has been discarded.
- The balance of power and influence feels very lopsided.
- £150.00 compensation for distress and inconvenience falls well short of what would be fair.
- British Gas has treated them with contempt from the very beginning, cancelling the insurance contract without warning or apology at a critical and vulnerable moment.
- There have to be some significant consequences for that otherwise British Gas will feel free to continue such behaviour with other customers in the future.

British Gas also disagrees with the provisional decision. It says, in summary, that:

- £150.00 is much higher than it would award for something that was essentially a genuine mistake and which was highlighted just 5 days later when it returned to the property.

### 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 noted the make and model of the boiler Mr S and Ms H had.

The policy provided that the purpose of the first service was to check whether the boiler was on the approved list and whether it had any pre-existing faults. The policy provided that British Gas would tell the policyholder if the boiler wasn't on the approved list. In that event, British Gas might cancel the policy.

In addition to the policy term about the first service, the policy contained a term about cancellation. One of the grounds for British Gas to cancel the policy was that the boiler wasn't on its approved list.

But the policyholder can't access the approved list. He has to rely on British Gas to check – and that is one of the main purposes of the first service. So I don't find it fair that British Gas said the boiler was on its approved list but later cancelled the policy because it wasn't.

The policy exclusion relating to sludge was as follows:

*"Damage caused by limescale, **sludge** or other debris, if we've told you before that you need to carry out **repairs**, improvements or a **British Gas Powerflush**, or a similar process, but you haven't done so"*

I've added the underlining. There's no evidence that British Gas told Mr S before 27 March 2019 that he needed to carry out repairs, improvements or a flush. So the policy didn't exclude damage caused by sludge.

The policy provided for a replacement boiler if certain criteria were met. British Gas would only have had to install a replacement free of charge if the policy criteria were met. Otherwise Mr S and Ms H would have to pay for the installation of any new boiler.

One of the criteria for replacement was that the boiler was less than seven years old. Another of the criteria included that it was between seven and ten years old and had been continuously covered by British Gas. The other one of the criteria included that the boiler had exploded or caught fire.

We recently asked Mr S for evidence of the age of the boiler. But he said he didn't have any documentation. Mr S has previously said British Gas told him the old boiler wasn't repairable. And Mr S didn't get anyone else to repair the boiler. So I find it unlikely that the boiler was less than seven years old in March 2019.

There was a gap between January and March 2019 when Mr S didn't have British Gas cover for the boiler. So it hadn't been continuously covered by British Gas. No-one has suggested that it exploded or caught fire.

So I find that the boiler didn't meet any of the criteria for cover for replacement. That's why I have over-ruled the investigator's opinion.

I've seen the quote from British Gas (or strictly speaking a sister company of the insurance company) to Ms H dated 28 March 2019 for a total of £2,804.00 for the replacement of the boiler. I've also seen the quote from the plumbing and heating company which replaced the boiler at the lower cost of £2,328.00.

However, as I find that British Gas didn't cover the boiler for replacement, I don't find it fair to direct British Gas to contribute to the cost of replacement.

Nevertheless, I find that the mistake by British Gas caused Mr S and Ms H some extra upset and inconvenience when they found out about it at an already difficult time. In assessing compensation for this, I look at the impact of the mistake on Mr S and Ms H. it's not my role to assess compensation at a level to punish or deter such mistakes.

Overall I find it fair and reasonable to direct British Gas to pay Mr S and Ms H (jointly) £150.00 for distress and inconvenience.

### **my final decision**

For the reasons I have explained, my final decision is that I uphold this complaint in part. I direct British Gas Insurance Limited to pay Mr S and Ms H (jointly) £150.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Ms H to accept or reject my decision before 2 May 2020.

Christopher Gilbert  
**ombudsman**