

complaint

Mr H's complaint is about the service provided by British Gas Insurance Limited in relation to several central heating and plumbing and drains insurance policies.

background

I understand that Mr H has held four policies with British Gas, for some time, for four different premises. The premises are within different parts of one site and consist of a day nursery, two classrooms and a domestic residential premises.

There were several claims in early 2018 across all premises, primarily related to blockages in the drains. Mr H says that British Gas's contractors failed to resolve the drainage issues properly and dealt with the claims poorly, including failing to provide time scales for attendances, among other things. It then cancelled the policies for the commercial premises, which meant he had to pay a call out fee of £96 for one claim. Mr H is very unhappy with the service provided by British Gas and its contractors. Mr H says that the delays in dealing with the claims (including 10 weeks to repair a damaged section of pipe) has resulted in a rat infestation that he has had to pay to eradicate. Mr H also says he has paid for his own contractors to complete all the repairs required for £320. This cost, and a call out fee he was charged by British Gas's contractors, should be reimbursed to him. Mr H also says he has had cover with British Gas for over 27 years and wants his policies reinstated.

British Gas says that it resolved each incidence that it could but some blockages were on parts of the drains which were shared and this is not covered under the policies. It also told Mr H that the policies he held were for ordinary domestic household settings. While it had attended to call outs previously, this had been to individual premises but the issues that arose in early 2018 meant it was attending all the premises and it became clear to it that they were in fact commercial settings.

British Gas told Mr H that it could no longer provide cover on a residential basis for the nursery and two classrooms for the plumbing and drainage cover. However, it said that each premises had its own boiler and central heating system, which were the same size as domestic boilers and so it was happy to continue to provide central heating cover as before.

British Gas acknowledged that a claim for damaged pipework took some weeks to complete. However, it says it still attended to other claims during this time on other pipework but no other issues with the part to be replaced were notified during the period.

British Gas offered Mr H compensation of £480.90 (£96 charge refund; £134.90 refund of levies for plumbing and drainage cover across the policies; and £250 compensation for the missed visits, delays and poor administration). In addition, it offered to consider refunding further costs if Mr H's contractors report was supportive.

Mr H considers that British Gas should pay him significantly higher compensation and reinstate his policies. He has made a number of submissions. I have summarised these below:

- British Gas hadn't addressed over 100 emails/calls he'd made to it and its contractors and repeated failed appointments. He should be compensated for the costs of such

communications and his wasted time and effort. He can provide details of the cost of calls but he is in fact seeking *"a high level gesture given sustained poor performance"*.

- The contractors made no attempt to discover the reason behind the increased number of claims for blockage. It should've carried out a more thorough investigation earlier.
- He's subsequently had work carried out by his own contractors, who completed all repairs for the nursery for £320 cash and he has not had any other drainage issues since. This cost should therefore be reimbursed.
- He had been happy with the cover provided by British Gas on the whole for over 27 years. Its cancellation of the policies with no alternative commercial policy provided was unsatisfactory. It did not write to him between January 2018 and June 2018 advising that cover was terminated and offering alternatives.
- The nursery property was vacated by his tenants in April 2017 and was renovated with new boiler and radiators, among other things. He continued to pay for the policies with British Gas up until it cancelled the policy in 2018 as on the whole he had been happy with the cover provided.
- He wants the premiums paid between January and June 2018 to be refunded (around £120 per month).
- He was not told there was any problem with the cover until he was told the contractors couldn't do a repair under the policy and he was charged £96 for the call out. However, the drain was left with debris overflowing and he'd been under duress to pay the fee, as the contractors said they wouldn't turn up otherwise.
- If British Gas had decided it was not prepared to continue to cover him he should have been told long before.
- During a call on 17 May 2018, he was asked if he wanted to discuss commercial options which you agreed to. However, British Gas then cancelled the policy and refused to reinstate it or offer any commercial options.
- The properties have not changed since he first took the policies out and British Gas has always been aware of the use. The number of children and staff has not increased and so there was no good reason to stop the cover.
- He has never had a rat/rodent problem at the property before and it has to be unarguable that the prolonged issues with soil drains must have contributed at least to this problem. It took over 10 weeks to complete repairs. A contribution towards the cost of the pest controller is therefore reasonable. The cost to him was £1,704.
- Compensation should be commensurate with his daily salary which is around £400 per day, for wasted time when appointments were not kept and time phoning and chasing British Gas and the contractors. The compensation offered is not a proper reflection of this. He has also asked for compensation for the distress and inconvenience caused to him and the impact on the nursery business.

In response to Mr H's complaint to this service, British Gas has also made a number of submissions, which I have also summarised:

- All its telephone numbers are freephone numbers and so Mr H would not have incurred any cost in telephoning it. He sent a number of emails, some were repeats. It did not always respond to each one individually but responded to some collectively.
- The repairs took some weeks because there was some discussion between it and its contractors about the cover available.
- It took a while to investigate whether it could continue the policies for commercial properties on a residential property or not. It wanted to get this decision right, which is why it took some time before it could confirm this to Mr H. It has offered a refund

for the parts of the policies that it wouldn't have provided cover under for the period from January to June 2018 (*i.e.* the plumbing and drainage elements). Mr H did have the benefit of the rest of the cover over that period, so it does not consider it reasonable to reimburse the entire premiums paid during that period.

- It doesn't have any alternative policies that it could have offered Mr H.
- He didn't ask to remove any part of the cover when he had his properties renovated in 2017 and wanted the plumbing and drainage cover. It therefore does not consider that a full refund of premium is appropriate.
- Its contractors noted the rat infestation in April 2018 but said it was pre-existing and that various gullies around the property were not capped, which was allowing rodents access into the property.
- There was a claim in relation to one of the kitchen sinks. The sinks had poorly installed pipework which is why smells from the waste pipe are coming back up through the sinks. As this is a result of poor installation, it is not covered under the policy. The contractors said they could quote Mr H privately for the work required to correct the pipework but it was not the result of any blockage.
- While each property has its own drainage system, they all then connect into the shared drainage which would be the water supplier's responsibility and does not fall within the cover of policies such as this one. A couple of the claims required work on a shared drain, which is the responsibility of the water board.
- It acknowledges that it has not raised the commercial use issue before and that this will have set an expectation with Mr H. It says this is due to inconsistency with its engineers and because they thought the classrooms were being used as domestic dwellings but it confirms its position that the cover should always have been commercial.

One of our investigators looked into the matter. She did not recommend that it be upheld, as although one claim was not dealt with as promptly as it should, she was not persuaded that it had resulted in the rodent infestation or any loss of business. British Gas had taken account of the missed appointments and the calls Mr H had to make when responding to his complaint, she did not think it needed to individually answer each and every point raised. The investigator thought all the other claims had been dealt with within a reasonable time and there was no evidence that British Gas's contractors carried out substandard work, or didn't complete any of the repair work satisfactorily.

The investigator also considered that British Gas was entitled to cancel the policies, as they were not appropriate for the commercial premises.

Overall she thought that British Gas's offer of settlement of the complaint was reasonable.

Mr H doesn't accept the investigator's assessment and so the matter has been referred 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.

cancellation of cover

I can understand it might have been frustrating and unexpected when British Gas informed Mr H that it could no longer offer plumbing and drainage cover for the properties that are

used for commercial operations. However it is generally for a business to decide what cover it is prepared to offer and for what price. We can not interfere with such decisions generally, unless a particular customer has been treated in a materially unfair way compared to other consumers in similar circumstances.

I am aware that Mr H could say that the cancellation of these policies, especially after so many years, is materially unfair to him. However, that is not the test. I have seen no evidence that British Gas would not have reached the same decision for another customer in similar circumstances. The policies that Mr H held were domestic ones and the fact that the properties were commercial settings, with a number of staff and children attending each day would affect the risk it is agreeing to take under these policies. I am not therefore persuaded that it was unfair or unreasonable for it to decide that it could no longer cover the plumbing and drainage for these properties. (This increased risk is also demonstrated by the findings of the contractors at some of the call outs in early 2018, which included a few occasions where wet wipes had caused the drains to block and one where a plastic toy was the cause.)

I consider its position, that it will however continue to cover the central heating systems and electrics (as the commercial setting makes no difference to the risk under this cover) to be reasonable.

The recording of the call on 17 May 2018 isn't available but British Gas's note of this call says: *"...received call from call centre as customer is wanting complaint chased up and the contracts setting up properly on his account it has been confirmed that customer can have Homecare Two and Four but has to have the plumbing and drains and electrical cover under commercial use."*

This does suggest that Mr H was given the impression that some commercial alternatives would be available but British Gas now says it has no suitable alternative policies for Mr H. While this may have added to the frustration for Mr H, I do not consider I can make any specific award in relation to this. If British Gas doesn't provide cover for commercial settings such as operated by Mr H, then it can't do anything more. However, I can understand that this decision would have been frustrating for Mr H, especially given that he had held these policies for so long and that British Gas could/should have known what the premises were used for all along.

I note it offered to refund the premiums Mr H paid for the plumbing and drainage part for the policies for the period January to June 2018 (when it cancelled the policies) and I consider this to be reasonable. I see no reason why it should be required to refund the entire premium, given that Mr H has confirmed he was happy with the cover he had and that it had provided such cover for that period.

claims handling

Mr H says there were delays in dealing with his claims. Most of the claims were dealt with in a reasonable time although I understand there were some missed appointments. There was also some delay, which could have been avoided, in relation to the claim involving the replaced pipework. There was some delay in getting the CCTV inspection carried out and then several weeks between getting the results of that and the work to repair the pipework completed. In total I understand this claim took 10 weeks to resolve. However, there were no other reports of blockages to this section of drain in that period, as far as I am aware and so

while it should have been completed sooner than this, I am not persuaded that this caused any significant or material distress or inconvenience.

There's also no evidence available to me that there was any financial detriment to the nursery business. Mr H has not provided any evidence of loss of business or profit. As far as I am aware the nursery was operating as normal during the repair period.

Mr H also says that British Gas should have made further investigations to find the reason why he was experiencing so many drainage issues. The policies he held are not maintenance contracts. British Gas is only responsible for dealing with claims for emergency situations that arise within the period of cover, which it did. I note, however, that it did identify that the fall/gradient of some of the drainage pipes was not sufficient, which meant that water was pooling in certain areas. This would make blockages more likely. But if this is something that is inherent with the drainage system and a result of how it was designed and installed, then British Gas would have no responsibility for rectifying this.

Had to call British Gas out several times over a relatively short period of time, there is no independent evidence that its contractors didn't carry out any investigations or repairs it did properly. I am not therefore persuaded there is any evidence that British Gas should have done more in this regard.

rat infestation

Mr H says that the delays by British Gas in dealing with the claims caused the infestation. However, there is simply no convincing evidence that this is the case. While it took several weeks to deal with one of the claims, there is no evidence as far as I am aware that this caused the problem. Mr H has provided an invoice from the contractors he employed to deal with the rat infestation. It doesn't state anything which would support that British Gas is responsible for this. I am not therefore persuaded that I can reasonably ask British Gas to reimburse the costs of this work.

expenses

The investigator asked Mr H for an invoice and any report from his own contractors in relation to the work they did. Mr H says they attended when British Gas refused to do so and conducted CCTV inspection of the manholes and drains for each property; repaired a manhole and rodded and cleared another blockage.

British Gas says that repairs to a manhole are not covered but said it would consider reimbursement of the rest of the costs on production of the invoice. Mr H has said he paid in cash and no report or invoice has been provided. Without one I am unable to ask British Gas to reimburse Mr H.

British Gas has already agreed to reimburse the call out fee that Mr H paid its contractor to attend, when it had cancelled the cover. I consider this to be reasonable. Mr H has also said he incurred considerable expense in contacting British Gas about these matters. No evidence of any such cost has been provided in response to the investigator's response and in any event, British Gas says its telephone numbers are all free to call. I am unable therefore to consider this any further.

compensation

British Gas has offered Mr H £250 compensation for the trouble caused by its handling of these matters. Overall I consider this to be reasonable, having regard to all the circumstances, including the time taken to deal with one of the claims, missed appointments and the decision to cancel Mr H's policies.

Mr H has suggested that he should receive compensation for his time, commensurate with his pay rate. We do not normally assess compensation in this way. I am satisfied that the amount already offered is fair and reasonable in all the circumstances and is in line with awards made in other similar scenarios.

my final decision

I do not uphold this complaint, as I consider that British Gas Insurance Limited has already made a reasonable offer in full and final settlement of the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 November 2019.

Harriet McCarthy
ombudsman