

complaint

Mr S is unhappy because British Gas Insurance Limited (“British Gas”) will not reimburse part of the cost of his new boiler. Mr S has a HomeCare policy with British Gas.

background

Mr S’s HomeCare policy includes cover for the boiler and central heating at his property. In January 2018, British Gas completed its annual service upon which the engineer’s only substantive comments were “*annual service ok*”.

In early April 2018, Mr S called British Gas because he had no heating or hot water at the property. It sent an engineer who diagnosed that the heating system was faulty because the heat exchanger had blown. His notes say “*advised system faulty and new heat exchangers. Issues related to sludge/blockages not covered by policy*”.

British Gas quoted £1,766.99 to undertake a Powerflush (which is used to remove sludge and scale from central heating systems), replace the heat exchanger and associated labour costs for the work because it wasn’t covered by Mr S’s policy. British Gas said that it couldn’t complete the works until the end of April. Mr S didn’t want to wait that long because he had young children and wanted to have a functioning heating system as soon as possible.

Mr S was quoted £1,435.00 (£1,195.83 plus VAT) for a new boiler from a third party supplier and he arranged for an independent engineer to fit it two days after British Gas’ visit. The engineer fitted the new boiler but the problems remained. He says it wasn’t working because of a “*blocked separator and Magna-cleaner*” which only required cleaning and reinstallation for the boiler to be fully operational again – and this is what he did. The engineer has provided a report saying that British Gas misdiagnosed the issue. Mr S says that the engineer also replaced an external pump costing £250 which British Gas has confirmed wouldn’t have been covered under his policy.

Mr S says that he relied on British Gas’ diagnosis of the problem and because of the repair costs it quoted, he chose to take the cheaper option of buying a new boiler altogether. He says he wouldn’t have needed to undertake this expense if British Gas had investigated and diagnosed the fault properly.

British Gas says that its engineer was partly at fault because he used historic visit reports to influence his diagnosis but maintains that the build-up of sludge and scale in the system was the root cause of the fault. As a gesture of goodwill, British Gas has paid Mr S £300 comprised of £250 being the cost of the external pump and £50 as an acknowledgement of its engineer’s error. It’s also waived the £50 excess charge for attending the property.

Mr S says this isn’t enough and considers that fair compensation would be 50% of the cost of his new boiler. Since Mr S has already received £300, he is now seeking a further £417.50 as well as £250 in legal fees by having a solicitor represent him.

An investigator here upheld the complaint and told British Gas to pay Mr S £417.50 towards the cost of the new boiler plus a further £100 as compensation for the inconvenience caused to him. British Gas disagreed and asked for the case to be reviewed by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I'm upholding this complaint and I'll explain why.

British Gas says that its engineer concluded that the build-up of sludge and scale in the central heating system was the root cause of the boiler providing no heating or hot water and so recommended a Powerflush. He did this because in 2015, British Gas told Mr S that there was some sludge and scale in the system and recommended a Powerflush. British Gas says that its engineer would also have expected the Magna filter to be cleaned as part of the annual service in January 2018, so wouldn't necessarily have checked this.

However, the report from the independent engineer says that the new boiler only started working after the separator and Magna filter had been cleaned and that *"the water was completely clean and not discoloured and showed it was treated with an inhibitor"*. So, I've considered whether British Gas could have carried out other tests, the outcome of which may have changed its diagnosis.

British Gas said it would have expected its engineer to undertake a water sample test to establish if a Powerflush was required but he didn't do this. A water sample test could have indicated the severity of sludge in the pipes. I asked British Gas whether the following works would be covered by Mr S's policy:

- Completing a water test
- Cleaning of the blocked separator
- Cleaning of the Magna filter
- Labour associated with the above works

British Gas said that the above works are included under the HomeCare policy and so it wouldn't charge for them or associated labour costs.

The annual service report from British Gas has one of the five additional checks carried out, as: *"Magnetic system filter checked"* and the options next to this are *yes*, *no* and *advice*. On Mr S's report, the box marked *yes* is ticked. This tells me that the Magna filter was checked in January - but there are no notes to say whether it had been cleaned. In addition, if the build-up of sludge and scale was such that it stopped the boiler from working altogether, I consider it reasonable to expect that this would have been visibly reflected in the water quality (i.e. with scale and debris) and this was something which the British Gas engineer ought to have checked. I don't doubt that there may have been some sludge in Mr S's pipes but I'm not persuaded on the evidence provided, that the level of sludge was the cause of the boiler not working.

Taking everything into account, I'm satisfied that British Gas didn't adequately investigate why Mr S's boiler wasn't working. Based on the evidence from the independent engineer, had it done so it's likely that it would have identified that the Magna filter and separator required cleaning and addressed this at no cost to Mr S apart from the usual £50 excess as per the terms of the policy.

Mr S says he contacted the supplier of the boiler to ask if he could return it but they refused as the boiler had been unpacked and fitted. This is consistent with the terms and conditions

on the supplier's website. And so I'm persuaded that Mr S did what he could to try and mitigate the cost of having his central heating and water restored.

Overall, I'm satisfied that British Gas' failure to adequately investigate the fault with the boiler meant that it couldn't correctly diagnose the issues with it. Moreover, I'm persuaded that its resulting advice directly influenced Mr S's decision to buy a new boiler and that if it had investigated and advised him correctly, Mr S wouldn't have otherwise done this.

Because of this, I consider Mr S's request for a further payment of £417.50 to be reasonable in the circumstances. British Gas should pay interest on this amount from the date of its engineer's visit to the date of settlement. It should also pay £100 as compensation and still waive the £50 excess charge for attending the property. However, British Gas does not need to reimburse Mr S for his legal expenses in raising a complaint as I've seen no reasons why he couldn't have dealt with this himself.

my final decision

My final decision is that I uphold this complaint and require British Gas Insurance Limited to:

- pay Mr S £417.50 towards the cost of his new boiler
- pay interest on this amount from the date of claim to the date of settlement*
- pay Mr S £100 as compensation for the distress and inconvenience caused
- waive the £50 excess charge for attending the property

*If British Gas considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

British Gas Insurance Limited must pay the compensation within 28 days of the date on which we tell it Mr S accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 October 2018.

Reena Anand
ombudsman