

## **complaint**

Mrs C complains that her claim under her Home Care Policy was declined by the insurer, British Gas Insurance Limited. She also complains that the policy was mis-sold to her by the insurer's representative, British Gas Services Limited.

As British Gas Services Ltd acted on behalf of British Gas Insurance Ltd when selling the policy, I use the term 'British Gas' interchangeably to refer to acts or omissions for which the insurer is responsible (irrespective of which company actually carried them out).

## **background**

Mrs C purchased a "HomeCare Three" insurance product from British Gas in July 2016. She did this by telephone, after she had reviewed the options online. The product provided cover for an annual service, boiler and controls, central heating, and plumbing and drains.

Mrs C made a claim on the policy in January 2017 when she spotted a damp patch on her wall. British Gas said that the repairs were not covered by the policy. This was because the pipework was exposed, and was not insulated or protected to prevent it corroding against the concrete wall.

Mrs C complained that the policy was mis-sold as she said she was led to believe that it covered all pipework. Our investigator upheld her complaint and said that British Gas should refund to Mrs C the premiums she had paid plus 8% interest.

British Gas disagreed with the award. It said it would refund only the plumbing and drains element of the premiums, plus 8% interest. It said this was because Mrs C had benefitted from the central heating element of the policy, as an engineer had inspected her boiler on two occasions.

Our investigator proposed that British Gas refund the full amount minus £65, being the cost of the visits. Mrs C did not accept this as she said she received no benefit from the policy. She said that the engineer didn't fix the problem on either of the visits, and she had to pay for the original problem to be fixed.

The matter was passed to me for a decision as both parties did not agree on the level of award.

I issued a provisional decision in February 2018. Here's what I said:

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

*Insurers – and/or those selling insurance on their behalf (such as British Gas Services Ltd) – have a responsibility to provide clear information about the cover being provided, the cost, and any significant terms or conditions. The information provided to the buyer must put them in a position to make an informed decision about whether or not to take the policy.*

*The starting point for this mis-sale complaint is the telephone call in which Mrs C agrees to take out the policy. British Gas state that the basic terms and conditions of the policy were explained in this call to Mrs C. It also said that she "was advised that the full terms and*

*conditions would be sent by post within 7-10 days and strongly recommended Mrs C reads them so that she understands the conditions of the policy.”*

*The key issue I have to consider is whether Mrs C was told about the significant exclusions or limitations. I have listened to the full call. The call-handler clearly explains the key points of the policy to Mrs C. This included an explanation that the policy covered accidental damage “but not design faults”. And the policy document sent to Mrs C when she took out the insurance contained the following information:*

***Pre-existing faults***

*Our **products** don’t include cover for any faults or design faults that:*

- We couldn’t reasonably have been expected to know about before. For example, faulty pipes that don’t have the correct protection, which are buried under concrete floors*
- Or, prevent access because a part of your system has been permanently built over*

*Objectively, I am not persuaded that the exclusion in question is necessarily significant or unusual such that it needs expressly highlighting at the point of sale. Indeed, I’m not aware of any insurance policy of this nature that covers pre-existing defaults in design or workmanship. But in any event, I am satisfied that the relevant exclusion was fully explained to Mrs C by British Gas in the initial telephone call and was prominent enough in the policy document.*

*Mrs C was looking for a policy that would specifically provide cover for pipes. I understand her frustration. She purchased the specific “Homecare Three” policy because she believed, based upon the call and her reading of the policy documents, that it provided the cover she required. From her subjective point of view, this was significant insofar as she was specifically looking for cover for pipes. But she was told design faults weren’t covered, in the call and in the policy document, and she still took out the policy.*

*In her original complaint she says that this “nugget in the small print” was such a major part of the policy that it should have been made clear when discussing the terms of the policy. I have already said why I think British Gas made this clear to her. It cannot be expected to provide cover for risks that it is regards as unacceptably high – in this case, exposed and unprotected pipework*

*I also don’t think it unreasonable for British Gas to rely on such a term. It is clear from her complaint that Mrs C was unhappy that her claim was declined. And it was this that led to her complaining that the policy was mis-sold to her. I have considered whether it was fair for British Gas to decline the claim and I am minded to conclude that it was.*

*As I have already said, the policy does not cover faulty pipes that don’t have the correct protection. As this was set out in the policy documents, I find that it was reasonable and fair for British Gas to rely on this term when declining her claim.*

*So I’m not minded to find that policy was mis-sold to Mrs C, or that it unfairly declined her claim.*

*Mrs C replied to say that she disagreed with the provisional decision. She said she didn’t want to pursue this matter further, especially as it was for a small amount from a large company.*

**my findings**

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

As neither party has provided any new evidence and/or arguments for me to consider, I don't think this complaint should be upheld for the reasons I've set out before. I acknowledge Mrs C's comment and her disappointment, but the value of the claim does not materially alter the reasons for my decision.

**my final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 4 May 2018.

Gordon Ramsay  
**ombudsman**