

## **complaint**

Ms M complains about the work done by British Gas Insurance Limited under her HomeCare insurance.

## **background**

Ms M has a HomeCare policy which includes repair and maintenance cover for her central heating system.

In April 2012 British Gas advised that Ms M's central heating system needed a power flush. A private engineer did that in September 2012. He said the system needed a new pump and the radiator leaked.

Ms M called out British Gas' engineer in October 2012 as those two items were covered by the policy. He replaced the radiator and as he didn't have a direct replacement for the pump he used what he described as a higher specification pump. The engineer told Ms M the pipe between the hot water tank and pump was blocked. He said she'd need to pay £750 for a power flush. Alternatively, she could pay half price for a power flush if she bought a new boiler. Ms M didn't want either.

In November 2013 British Gas' engineer increased the speed of the pump as the system wasn't circulating properly which could indicate sludge or a blockage in the system.

In September 2014 British Gas' engineer visited and told Ms M various parts of the boiler were obsolete. The engineer advised a re-flush, which Ms M declined, and a new pump was fitted.

Ms M says the system worked well until December 2014 when some radiators became cold. British Gas' engineer said the radiators were blocked and he bled/draind the hallway radiator showing Ms M the sludge. British Gas sent her a power flush quote.

A few days later Ms M asked her private engineer to have a look at the problem. He did a report which recommended the pump be replaced due to wear and tear and a magnetic filter be installed. He said British Gas had fitted an incorrect pump which may have caused further problems with sludge. He told Ms M that British Gas should replace the pump and do a power flush.

Ms M complained. She asked British Gas to do that work for free and for her policy premium to be refunded from December 2014. She was also unhappy at the policy price increase, in particular for 2015 which she said had increased by 11.7%.

British Gas' engineer tested the central heating. It agreed her system needed a power flush but wouldn't pay for it. It said it had demonstrated, by using a magnet, that the cause of the problem was blocked pipe-work. The type of pump for the boiler wouldn't affect sludge in the system. British Gas said the private engineer hadn't successfully cleaned the system.

British Gas said it wouldn't do the job under the policy as it first told Ms M there was sludge in the system during its 2012 visit. The policy excluded repairing damage caused by sludge if it had told her on a previous visit that a power flush was recommended and she hadn't taken the required action. The private engineer's power flush hadn't worked. The policy said if work was done on the system by someone other than British Gas that caused damage to the

system the repair was excluded from the policy. The bend in the pipework she had complained about wouldn't cause the problem in the system.

It told Ms M the cost of the policy could change at each renewal. The policy detailed this was because of various factors; general inflation and/or because it had more detailed and accurate information on the system and breakdown history. This meant the price was tailored to Ms M's circumstances.

Overall British Gas didn't think it had done anything wrong. But it paid Ms M £50 compensation for its delay in responding to her complaint. Ms M told British Gas she wanted to cancel her premium payments and suspend, but not cancel, the policy. It continued to take the premiums.

Ms M complained to us. She wants British Gas to:

- adjust/replace the pump in her boiler because she believes it caused the sludge build-up
- power flush her system at no cost to her
- replace the section of pipework causing the blockage due to the build up of sludge
- pay for the four heaters and an extra kettle she bought for heating and hot water, a total of £175
- refund her premium payments since December 2014
- explain the increased cost of the 2015 policy.

### **my provisional decision**

I made a provisional decision explaining why I wasn't intending to uphold the complaint. I said:

#### *the pump*

Ms M's engineer's report says the too powerful pump British Gas installed contributed to the heating system deteriorating in such a short period of time. He details the possible effects on the system. British Gas doesn't agree. It's provided evidence that the private engineer's opinion is incorrect. It detailed why it didn't agree with the engineer's technical opinion. It says the pump it installed is a standard pump, just more energy efficient than other pumps. The pump is designed for domestic heating systems for homes with one to three bedrooms, as Ms M has. It's fitted thousands of these pumps without any issues. If the private engineer's opinion was correct then there would have been repeated problems with other customers.

On the evidence I think it's more likely than not that the pump didn't cause the problems with sludge in the system. British Gas needn't replace the pump for free.

#### *power flush*

Both parties agree the system needs a power flush to remove/reduce the sludge. The policy doesn't cover removing sludge from the system. If I thought that the sludge was British Gas' fault I'd say it was reasonable for it to pay. But I don't think the pump installed by British Gas caused the sludge problem. So it doesn't need to pay.

Ms M is unhappy that British Gas has quoted for a power flush at half the price if she gets a new boiler which she doesn't need. I don't have the power to tell British Gas what it should charge for the services it provides. Ms M can have the power flush carried out by a third party if she wishes, as she did before. I can't see in the policy that using a third party would automatically affect her policy (unless that third party causes damage) but she should check her current policy terms.

#### *pipework*

The policy excludes repairing damage caused by sludge if British Gas told Ms M on a previous visit that a power flush was needed. After British Gas' 2012 advice that one was needed Ms M's private engineer power flushed the system.

But the policy also says if work is carried out on the system by a third party which results in damage to the system because of poor workmanship, the policy won't cover the repair. It's not clear whether the private power flush damaged the system. If damage was caused there's no cover under the policy. Even if it didn't cause damage, British Gas says the private engineer's power flush wasn't sufficient. That was shown by the short period of time between the power flush being done and the pump needing to be adjusted because the system wasn't working properly. And it says that where a system is heavily sludged more than one power flush may be required. Ms M's system is over 30 years old. As I've said, the policy doesn't cover sludge removal.

I don't think the sludge problem was caused by the pump. For the reasons British Gas has given I think it's likely that the power flush by the private engineer didn't remove the sludge problem that British Gas advised Ms M about in 2012. Ms M says that she didn't agree to the power flush that British Gas advised in September 2014 as she was in dispute with it. But not doing the power flush then probably only added to the existing problems. Overall, British Gas doesn't need to repair the damaged pipework for free.

#### *cost of additional heaters and kettle*

Ms M turned off her boiler after British Gas' visit in December 2014 so not to damage it. Until then she had some heating and hot water. The boiler did work when she put it on. Ms M must be living in uncomfortable circumstances. But I can't fairly say British Gas should pay for the additional heaters and kettle she's bought. I don't think its actions caused the problem with the heating system.

#### *refund of premium payments*

Initially Ms M asked British Gas to suspend, not cancel her policy. She's now cancelled the policy. She wants a refund for the premiums British Gas took for the period she wanted the policy suspended. There's no provision in the policy for Ms M to request suspension. I can't see that British Gas told her this but Ms M's said that she didn't want to cancel the policy at that stage. So even if she'd been told suspension wasn't possible I don't think she would have cancelled. British Gas doesn't need to refund her the premiums.

Ms M feels this is unfair because as she's turned off her heating system it has nothing to maintain. But it was her choice to turn off the system. British Gas could reasonably take premiums until the policy was cancelled.

### *policy premium increase*

Ms M is unhappy with the premium increase especially as she's been told that some of the parts for the boiler are obsolete.

I can't say what British Gas should charge for its policy premiums. But I can look at whether it's done this fairly; treating everyone with Ms M's circumstances the same. We asked British Gas to give us information about how it priced the premium.

British Gas told us the renewal price was based on its assessment of risk associated with the size, type and geographic location of the boiler and system, age of the boiler and call-out history. This is the same for all its HomeCare customers. Ms M's boiler is 30 years old and on its reduced parts list which is a status given by the manufacturer. It says despite this status, its engineers make every effort to repair the boiler. This may require more visits, more effort sourcing parts and/or more time in respect of each repair.

On the information British Gas has provided it's treated Ms M the same as anyone else in her circumstances and priced the policy to match that risk.

### **responses to my provisional decision**

British Gas didn't comment on my provisional decision. Ms M didn't agree. In summary she said:

British Gas had only given a verbal opinion. She had two engineers' opinions, one of who had done a report. The system had worked well until the air intake silted up the lower radiators. She said this could only be because of the pump. She remembers that the British Gas engineer said it was a more "powerful" pump when he installed it.

It wasn't right for British Gas to take premiums for a heating system it wasn't maintaining. Good customer service means it should have suspended or reimbursed payments until her complaint was resolved. She didn't cancel the policy because she didn't want British Gas to say it had no responsibility as there was no longer a policy.

She felt pressurised by British Gas to buy a new boiler. She doesn't need one as it still works, she would buy when she needed to. She thinks British Gas doesn't want to maintain her boiler because they'd have to train engineers on that model. She detailed her concerns about its salesmen's advice when she requested quotes for a new boiler.

She hadn't had an excessive amount of call-outs under the policy. So if British Gas was charging her for an assumed number of call-outs that wasn't fair as she may have replaced the boiler by then.

### **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 considered Ms M's detailed additional points carefully. But these haven't changed my mind. I'm sorry she'll be disappointed but I'm not upholding her complaint.

I've not seen any evidence from the second plumber Ms M's says she spoken to. I've seen a report from her engineer and British Gas has responded to that report and provided evidence that contradicts Ms M's engineer's opinion. Part of the detail British Gas provided was that a pump wouldn't aerate the system, as Ms M's engineer suggests, unless there was a fault in the system. And it's provided evidence that it installed a standard domestic pump.

For the reasons I've given in my provisional decision I don't think the sludge problem was caused by the pump British Gas installed. As I've explained, I think it's likely that the power flush by Ms M's engineer didn't remove the sludge problem that British Gas advised her about in 2012.

On the premium refund, I understand why Ms M wanted to stop her payments. But as she didn't want to cancel her policy at that stage British Gas could still fairly take the premiums. She could have cancelled the policy and still complained about the work done when the policy existed. It was Ms M's choice to turn off her boiler. I can't reasonably ask British Gas to refund the premiums for that period when I've found that it's not been at fault. It may wish to refund some premiums as a gesture of goodwill but that's its choice.

Ms M hasn't bought a new boiler but has raised that she felt under pressure to buy a new one. I've not seen anything that suggests she was put under any undue pressure. It seems to me that it was part of the advice and options the engineer gave Ms M to fix the problems. After all the boiler was 30 years old and Ms M was having problems with it.

Ms M has now told me her concerns about the salesmen's advice when they came to quote for a boiler. She says she's given this information 'as a matter of interest' so I don't think she's making a complaint about the advice. If she is, Ms M will need to make a complaint to the relevant British Gas business for it to respond to her concerns. If she remains unhappy she can make a new complaint to us, which we can then fully consider.

On the cost of premiums, my provisional decision explains why British Gas has acted fairly. It's treated Ms M the same as anyone else in her circumstances and priced the policy to match that risk. Even if the price does include call-out history assumptions British Gas hasn't done anything wrong. The evidence is that's how it treats all its policyholders. Generally, insurance is risk-based meaning that the insurer agrees to pay for a number of unforeseen events in return for the consumer paying a premium. The things a policy covers might never happen. But that doesn't mean the policyholder is entitled to, or should receive a refund.

Overall, for the reasons given in my provisional decision and these findings I don't uphold Ms M's complaint.

### **my final decision**

I don't uphold Ms M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 20 June 2016.

Nicola Sisk  
**ombudsman**