

complaint

Mr A complains about the service he has received from British Gas Insurance Limited. He considers that British Gas misdiagnosed a fault with his central heating system and would like British Gas to cover the cost of his new boiler.

background

Mr A holds a HomeCare policy, underwritten by British Gas.

In February 2012 Mr A contacted British Gas to report that he had no heating or hot water at his property. A British Gas engineer attended the following day and identified that the heat exchanger was leaking due to sludge in the system. There was some doubt as to whether a replacement heat exchanger could be found as the boiler was on a 'reduced parts list'.

British Gas however told Mr A that it could not carry out the repair to the heat exchanger, even if one was available, as the policy excludes cover for any repairs required due to sludge where a powerflush has been previously recommended. It says that he had been advised during an attendance in 2010 that there was sludge in the central heating system and that he should have a powerflush carried out. Mr A was therefore told that he would have to pay for the repairs himself.

Mr A opted to have a new boiler installed and a powerflush carried out afterwards. The new boiler was installed approximately four days after the original call out. However, Mr A says that the engineer that installed the boiler queried whether he needed to do the powerflush as he advised that he had drained the system and it was clean.

British Gas therefore agreed to refund the cost of the powerflush as it was not carried out but Mr A complained as he believes that it had misdiagnosed the problem with his boiler and he wants British Gas to reimburse the cost of the new boiler.

Following his complaint, British Gas arranged for a water test to be carried out, which confirmed that sludge was present in the system and that a powerflush was advisable. The water test also showed that inhibitor had not been added to the system when the new boiler was installed, which is normal practice.

As a goodwill gesture, British Gas offered to complete the powerflush free of charge, and ensure that the system had the correct amount of inhibitor added. It also assured him that the boiler manufacturer's warranty and insurance were valid and unaffected by the lack of inhibitor. Mr A rejected this offer

Mr A has made a number of submissions, including the following:

- British Gas failed to comply with its own complaints procedure.
- British Gas said that the policy "is valid when it suits them ... even though a powerflush has not been carried out". They have been told that the repairs would not be covered but then receive correspondence saying that the policy is entirely valid.
- The second British Gas engineer told him that the powerflush was not required and agreed to refund the cost. This was agreed before the water test was carried out.

- This engineer told him the water was clear.
- The water test was only carried out after the new boiler was installed and is therefore irrelevant, especially given that British Gas had failed to put inhibitor in the system when it installed the new boiler (as suggested by the independent report into the water quality).
- In any event the water taken from the system was “as clear as drinking water”.
- British Gas has acknowledged in various letters that it gave contradictory advice and “were wrong on a number of occasions”.
- He entered into a credit agreement for the cost of the new boiler and powerflush – when British Gas refunded the powerflush it was as a single lump sum rather than rewriting the credit agreement and therefore he is concerned that he will be paying interest on this amount which should never have formed part of the credit agreement.
- And the refund of the powerflush costs took 75 days to reach him.
- The new boiler does not comply with regulations, as it is a requirement that inhibitor be added to a new system. He queries what effect this will have in its running and on the validity of the warranty and insurance policy.
- He was given conflicting information about what was required and this meant they were unable to make a truly informed decision as to whether to repair it or replace the boiler.
- He was “coerced” into purchasing the new boiler “for reasons which we now know to be false and invalid”. He was verbally quoted £2,000 for the repair and £3,000 for a new boiler and powerflush. Almost immediately afterwards however, the engineer gave a written quote for repair of £1,200.
- He asked for advice as to how long each option would take but no timeline could be given until he had committed to either repair or replacement.

Essentially, Mr A feels that the powerflush was never necessary and so the heat exchanger should have been repaired under the terms of his insurance policy, and if it had been he would not have had to incur the cost of the new boiler.

Our adjudicator did not recommend that the complaint be upheld. She did not consider that there was sufficient evidence that British Gas had acted unfairly or unreasonably when dealing with the insurance claim. She also considered that the complaint had been handled appropriately.

As our adjudicator was unable to resolve the matter, the complaint has therefore been referred to me for a final determination.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I am in agreement with the adjudicator that this complaint should not be upheld, for broadly the same reasons.

Mr A is adamant that the water taken from the system was clear and says that this was confirmed by the engineer that installed the new boiler. However, the independent report concludes that the water contained sludge and was at “risk of failure from debris”.

Mr A is effectively asking me to disregard this independent report. Whilst I note his strength of feeling, in the absence of any other independent evidence, it is extremely difficult for me to accept that this report was not correct.

In addition, the engineer that attended to the original call out said the heat exchanger had been damaged by sludge in the system. And the engineer that attended in 2010 also advised that a powerflush was needed.

Although the engineer that installed the new boiler decided that it was unnecessary to carry out the powerflush after installing the new boiler, there is no documentary evidence, as far as I am aware to confirm that this was never necessary. British Gas also says that he denies saying that the water he drained from the system was clear.

Given this, there is not enough evidence for me to be persuaded that a powerflush was wrongly advised in 2010 and 2012. Therefore, it seems to me that British Gas was entitled to rely on the following exclusion in the policy in relation to the repair of the boiler:

“The following are not included in your agreement.

- *Removing sludge or hard-water scale from your system or appliance.*
- *Repairing damage caused by scale, sludge or other debris if we have told you on a previous visit that permanent repairs, improvements or a Powerflush (or similar cleaning procedure) are needed to help ensure your appliance/system works properly”.*

Mr A therefore had the option of paying for the repair of his boiler privately or having it replaced. He says that he was “coerced” into agreeing to the new boiler, partly due to conflicting information about the potential costs of repair. However, I am unable to address any of those issues – or the concerns Mr A has about the amount of inhibitor in the system – as these activities are not activities carried out pursuant to the insurance contract. As such, they are not regulated by the Financial Conduct Authority and do not therefore fall within my jurisdiction.

The fact that an event may not be covered by an insurance policy, does not mean that the cover is not valid. It was never, as far as I am aware, suggested that Mr A’s policy was not valid because he had not had a powerflush carried out, only that any repairs required as a result of sludge (which would have been removed by a previously advised powerflush) would not be covered. Other unrelated matters would still be covered in accordance with the policy terms.

Mr A had queried whether the lack of inhibitor in the system would invalidate his boiler manufacturer’s warranty and/or policy but British Gas has confirmed that they would not be affected by this. Its notes say that it carries out any work under the manufacturer’s warranty in any event and therefore would honour that, even though inhibitor was not added.

With regard to Mr A’s concerns over the refund of the cost of the powerflush, although I can see that he referred to the refund being made by cheque in his original complaint to us,

it was not clear that he was unhappy with that arrangement or why. Therefore strictly, this is not something which I can currently consider, because we do not have the power to consider a complaint unless the business concerned has first been given the opportunity to resolve the matter. In addition, the business concerned would not be British Gas Insurance Limited, as the refund was not due as a result of a claim under the insurance policy but was due from British Gas New Heating Limited as the credit provider. I would therefore not be able to deal with this in the context of this decision, even if it had been raised with British Gas Insurance Limited.

However, if Mr A wishes to pursue this matter, then the adjudicator can assist in having it dealt with separately.

Mr A has also raised concerns regarding British Gas not complying with its complaints procedure. A letter of complaint was sent to British Gas in March 2012, British Gas responded to this letter within eight weeks and provided referral rights to this service, it has therefore acted in line with the guidelines set out by the Financial Conduct Authority. But in any event, we are not the regulator and therefore cannot punish a business for any failure to comply with such time limits, or indeed any service standards that it sets for itself.

my final decision

For the reasons set out above, my final decision is that I do not uphold this complaint. I make no award against British Gas Insurance Limited.

If Mr A wishes to now accept British Gas' offer to carry out a powerflush free of charge (and to add the required inhibitor if it has not already done so) then he should contact it direct.

Harriet McCarthy
ombudsman