

## complaint

Mr A's complaint is about a central heating insurance policy he took out with British Gas Insurance Limited.

## background

Mr A took out a central heating insurance policy with British Gas on 10 January 2018. The policy provides that a first inspection and service will be carried out to ensure that the central heating system is eligible for cover.

British Gas attended for the first service on 1 February 2018. The engineer found that the boiler needed considerable repairs, which British Gas said would not be covered under the policy as they would have been there before the policy started.

Mr A agreed to pay privately to have the repairs carried out. The repairs cost just over £800 and the work was completed around a week later.

Mr A says he expected the policy to re-start with effect from the date the repairs were completed and to have the premiums he paid up to that point refunded; this is what he was told would happen by the engineer. However, he didn't hear from British Gas with any revised paperwork, so he contacted British Gas to complain. British Gas didn't respond and so after eight weeks, Mr A brought the complaint to us.

British Gas responded after that and said the policy had remained in place from the start date on 10 January 2018. However, it offered £100 compensation as a gesture of goodwill, to include the refund of the premium paid for the period between 10 January and 7 February 2018, and to reflect the delay in its response to Mr A's complaint.

One of our adjudicators looked into the matter but didn't recommend it be upheld.

Mr A is very unhappy about this. He has made a number of submissions, which I've summarised below:

- if the policy was in place, he should not have been charged for the repairs and they should have been covered under the policy. British Gas can't have it both ways.
- He paid for repairs, which effectively meant he had a rebuilt boiler and agreed to do so on the basis he would not be paying for the policy for the year afterwards, as there would be no need for it.
- The part that was found to be faulty would have cost around £250 to replace but the engineer advised him he may as well also replace the heat exchanger at the same time, which made up most of the costs. If he had known the policy would continue he could have just paid for the first part and then later made a claim for the heat exchanger to be replaced.
- The engineer and British Gas representatives told him the policy would be cancelled.
- A representative he spoke to on 6 February 2018 to check the engineer was coming back out to do the repairs, was extremely rude and unhelpful.
- The policy continued, as he thought he was obliged to continue paying for it but British Gas took *"over £800 of my money and then carry on with an unnecessary service agreement taking more than another £170 in premiums when all expectation indeed common sense expected that and intended that the said service agreement would be cancelled or provided free of charge for the rest of its term."*

- British Gas could have offered a number of alternative repair packages and payment plans rather than continue with this policy, which was invalid due to the condition of the boiler. British Gas is therefore also guilty of misrepresentation, which is surely unreasonable conduct.
- He didn't receive any explanation from British Gas as to why it was taking so long to respond to his complaint.
- After deduction of the premiums he paid, the £100 compensation provided is a pittance.

As the investigator was unable to resolve the matter, it has been passed 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.

Mr A's policy with British Gas states:

#### *"First service*

*Your first service will usually be within 42 days of you first taking out the product or changing your address. If we've already carried out a first service or an annual service at your address in the last twelve months, we won't carry out another one – even if you've just moved in. If we've installed a new boiler for you the first service will be carried out as part of the installation.*

*At the first service our engineer will check that your boiler is on our approved list and your boiler or central heating and ventilation don't have any pre-existing faults.*

*If we find it's not on the approved list or it has a pre-existing fault we'll either:*

- *Tell you what needs to be done to fix it – and how much it'll cost*
- *Offer you a different product or level of cover*
- *Or, cancel your agreement."*

The policy also excludes any pre-existing faults.

It is not in dispute that the faults found at the inspection on 1 February 2018 were likely to have been pre-existing (there's no convincing evidence that they arose between 10 January and 1 February 2018).

Given the above, I am therefore satisfied that British Gas was entitled to charge for the repairs carried out in February 2018. Mr A didn't dispute this at the time.

The term set out above also provides that British Gas can decide to also cancel the policy or offer a different level of cover but it doesn't state that it will do either.

I don't agree that the fact the policy continued means British Gas had to cover these repairs. After a first inspection of the boiler and system British Gas might decide it isn't prepared to provide cover even once some repairs are carried out. In this case, it was prepared to but simply would not cover the cost of repair of the pre-existing faults. Pre-existing faults are specifically excluded from cover as well as giving British Gas discretion to cancel the policy if it so chooses.

There was also cover available to Mr A during that period (January to February 2018) for matters that would not have been related to the pre-existing faults, and for other parts of his central heating system. I am not therefore persuaded that British Gas acted unfairly or unreasonably in continuing the policy. I do agree that Mr A should have been told what was going to happen however, and I note he says he was told it would cancel and restart.

Mr A has suggested to the adjudicator that he would not have wanted the policy to continue and he may not have agreed to pay for all the repairs that were carried out at the time, if he'd known he'd continue to pay for it. However, the file note of the initial complaint call and his email sent around the same time demonstrate that Mr A wanted the policy to continue but with a revised start date of 7 February 2018. And there is no convincing evidence that the heat exchanger or any other part was not required then or that it would have been covered if it had subsequently failed, given the engineer had identified that it needed replacing at the first inspection. Therefore, even if he had known the policy was going to continue, I am not persuaded that Mr A would not have continued with the premiums from February 2018 onwards or that he would not have had to pay for the repairs he did.

I do consider that British Gas should have confirmed what was going to happen with the policy to Mr A earlier than it did but, as I don't think it would have made a difference to the position he would have been in, I don't consider it needs to refund all the premiums Mr A has paid, or refund any of the repair costs.

British Gas did take some time to respond to Mr A's complaint. The delay in the response would have been frustrating but ultimately made no material difference to his position or the outcome of his complaint. Mr A also says he was spoken to rudely in one call with British Gas. There's no other evidence about the call, so while I don't have any reason to doubt Mr A's word about what happened, I don't consider that there is evidence of material distress or inconvenience caused by this that would warrant any compensation payment.

Overall I am satisfied that the payment of £100 is reasonable to reflect the delay in responding to the complaint, and to refund the premiums paid up to 7 February 2018.

### **my final decision**

I don't uphold this complaint against British Gas Insurance Limited, as I consider it has made a reasonable offer in settlement of Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 February 2019. I note that Mr A has said he intends to take legal action, if his complaint is not upheld. For the avoidance of doubt, if he rejects my final decision then his legal rights remain intact and are unaffected.

Harriet McCarthy  
**ombudsman**