

complaint

Mr W complains that British Gas Insurance Limited gave him poor service under a home emergency insurance policy.

background

Where I refer to British Gas I refer to the insurance company by that name and I include its claims-handlers, engineers and others for whose actions I hold that company responsible.

Mr W asked British Gas for help with his central heating system. He ended up paying about £850.00 for a new boiler and about £2,000.00 for its installation (including about £260.00 for a power flush) in June 2017.

But there was still a noise and poor heat to radiators. Mr W paid about £685.00 for another power flush. In November an engineer found and dealt with an old anti-gravity valve that was restricting the flow of water. That solved Mr W's problem. He complained that British Gas shouldn't have recommended a new boiler.

our investigator's opinion

Our investigator recommended that the complaint should be upheld in part. She thought that the new boiler wasn't necessary to resolve the issues Mr W was experiencing. She recommended that British Gas should refund Mr W the £2,053.00 cost of installing the new boiler.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr W and to British Gas on 23 August 2018. I summarise my findings:

As he'd had a new boiler and a power flush in June 2017 – I didn't think it was reasonable for British Gas to recommend a second flush at Mr W's expense in autumn 2017. So I thought it right that British Gas should reimburse the cost of the second flush.

I also intended to ask it to add interest on that further payment at our usual rate.

British Gas caused Mr W some distress and inconvenience by sending a late and inaccurate final response – before increasing its offer. I think this caused Mr W some irritation. I found it fair and reasonable to order British Gas to pay Mr W £100.00 compensation for this.

Subject to any further information from Mr W or from British Gas, my provisional decision was that I was minded to uphold this complaint in part. I was minded to order British Gas Insurance Limited should pay Mr W:

1. in addition to its payment of £250.00, a further £434.99 in reimbursement of the cost of the power flush on about 4 December 2017;

2. simple interest on that further payment of £434.99 at a yearly rate of 8% from 4 December 2017 to the date it refunds him. If British Gas considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate;
3. £100.00 compensation for distress and inconvenience.

British Gas had no comments on the provisional decision.

Mr W disagreed with the provisional decision. He says, in summary that:

When it installed the boiler in the garage in 1998, British Gas should've seen and removed the old anti-gravity valve near the original boiler it removed in the kitchen.

If British Gas had advised him earlier that he needed a new boiler, Mr W would've got one sooner and for less money.

The gas valve and pump fitted on the 18 May didn't cure the humming noise from the airing cupboard and radiators not getting hot.

If British Gas had done the power flush on 18 May, it would've found the anti-gravity valve sooner.

At some point Mr W would've needed to replace the old boiler. But the problem wasn't with the old boiler. The problem was resolved after the removal of the valve.

He would've liked British Gas to pay for the power flush plus installation or a significant contribution to it.

my findings

The Financial Ombudsman Service has power to deal with complaints against insurance companies and other regulated financial firms in connection with regulated activities. We do not have power to deal with complaints against boiler installers unless (exceptionally) the installation is done free of charge as a benefit of an insurance policy.

Mr W said his boiler was 12 years old in 2017. But I've seen British Gas records saying that the boiler was installed in 1998. So I find that the manufacturer made the boiler in about 1998.

There's no evidence that British Gas (the insurance company) installed Mr W's boiler free of charge in 1998. So I don't think I have the legal power to look at why the anti-gravity valve wasn't removed in 1998.

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

British Gas says that the manufacturer stopped making that model of boiler in 2001 and I have no reason to question that.

After a manufacturer stops making a model of boiler, some spare parts become difficult to get and British Gas may put the boiler on a "reduced service list" ("RSL").

I see from the service records that since 2012, British Gas had been recording "code 5" or "code 6". I accept that this means that it had recommended that Mr W should consider upgrading the boiler. I accept that this was for a number of reasons such as its age, efficiency and reduced availability of parts. Since October 2015, British Gas had been recording "RSL".

I accept that Mr W hadn't got a new boiler. But I don't accept that this shows that British Gas hadn't given him appropriate advice. From the service records, I find it more likely than not that (although he doesn't recall it) British Gas had advised Mr W that his boiler was getting old and he should consider getting a new one.

The policy didn't cover the cost of a power flush or the cost of a new boiler.

I accept Mr W's recollection that in May 2017 he reported a humming noise from the airing cupboard and poor heat from radiators. But on 14 May a British Gas engineer recorded that he'd found no fault. He cleared the cold-water feed, noted sludge in the system and quoted for a power flush.

I don't think Mr W accepted that quote or arranged a power flush. And it wasn't covered by the policy. So I can't say that British Gas should've done a power flush in May.

On 17 May the engineer found that the gas valve had failed. On 18 May he replaced the gas valve and a pump. He also recommended that Mr W should consider upgrading the boiler - and arranged for a sales adviser to visit.

On 23 May a sister company of British Gas quoted for a new boiler and Mr W accepted that quote totalling nearly £3,000.00.

On about 21 June 2017 the other British Gas company did the installation. From the quote, I think it included a power flush.

I accept that Mr W didn't use the central heating until October 2017. He reported a humming noise from the airing cupboard and poor heat from radiators.

On 11 October an engineer replaced a pump and quoted £785.00 for a power flush. I think Mr W's problems continued. He paid the reduced amount of £684.99 for a power flush.

On 30 November 2017 an engineer attended to do a flush. But his machine encountered a restriction. The engineer asked where the old boilers had been. He then removed boxing, exposed some pipework and found and attended to an anti-gravity valve in the kitchen.

I accept Mr W's statement that this resolved the issues with the noise and poor heat to radiators. Mr W complained that British Gas should've found the gravity valve sooner. He thinks he had paid unnecessarily for a new boiler. The engineer returned and finished the flush on 4 December 2017.

On 11 December British Gas acknowledged Mr W's complaint.

On 9 March 2018 Mr W had a visit from an independent engineer who wrote a report which included the following:

“... the problem with the central heating was a system failure, as opposed to a boiler malfunction...spares parts for this boiler...are still available”.

But the old boiler had been removed many months before. So I don't think the independent engineer had seen the old boiler. And I don't think Mr W sent his report to British Gas.

British Gas didn't send a final response to Mr W's complaint within eight weeks as it should've done. Its final response was dated 28 March 2018. The final response enclosed a cheque for £250.00.

I find that the final response was inaccurate in some respects. For example the final response said Mr W's central heating had suffered a breakdown such that he couldn't turn anything off. There's nothing in the British Gas file to support that.

I don't think the evidence shows that Mr W's problems had been all to do with the anti-gravity valve. There were other more obvious issues such as sludge and a failed gas valve.

The anti-gravity valve was, according to British Gas, a piece of old technology, hidden from view. Mr W's independent engineer's report didn't say the British Gas engineer should've found that valve sooner. So I don't find that British Gas fell below a reasonable standard of work by not finding it before November 2017.

British Gas said it recommended that Mr W should get a new boiler because of the old boiler's age and because some parts had become unavailable and on its RSL. It said this wasn't related to the problems he was having with his heating at that time. On balance I think this was the case. This is because from British Gas's notes it seems that this recommendation had been made in previous years.

So, on balance, I think Mr W's boiler was due an upgrade in any event. Mr W accepted the quote for the new boiler and had one installed which he is benefitting from.

For these reasons I don't find it fair and reasonable to order British Gas to refund any of the costs of the new boiler or its installation.

British Gas has told us that – in addition to its payment of £250.00 - it is offering a further £434.99 so as to bring the total up to £684.99 – the cost of the second power flush.

As he'd had a new boiler and a power flush in June 2017 – I don't think it was reasonable for British Gas to recommend a second flush at Mr W's expense in autumn 2017. So I think it's right that British Gas should reimburse the cost of the second flush.

I intend to ask British Gas to pay Mr W - in addition to its payment of £250.00 - a further £434.99. I will also ask it to add interest on that further payment at our usual rate.

In addition, I think British Gas caused Mr W some distress and inconvenience by sending a late and inaccurate final response – before increasing its offer. I think this caused Mr W some irritation. I find it fair and reasonable to order British Gas to pay Mr W £100.00 compensation for this.

my final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct that British Gas Insurance Limited should pay Mr W:

1. in addition to its payment of £250.00, a further £434.99 in reimbursement of the cost of the power flush on about 4 December 2017; and
2. simple interest on that payment of £434.99 at a yearly rate of 8% from 4 December 2017 to the date it refunds him. If British Gas considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr W how much it's taken off. It should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate; and
3. £100.00 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 October 2018.

Christopher Gilbert
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