

complaint

Mr M has complained about the way British Gas Insurance Limited ("British Gas") handled a claim made under his home emergency insurance policy.

background

Mr M holds a HomeCare policy with British Gas, which provides cover for his boiler.

In December 2018, Mr M's Nest product (heat link and thermostat) stopped working. He called British Gas about this and an appointment was arranged for one of its engineers to take a look at the Nest. The engineer said that the Nest heat link was not communicating with the thermostat. In light of this, the engineer informed Mr M that he had two options:

- replace his Nest with an equivalent British Gas product free of charge under his policy; or
- replace his Nest with a Hive product, which would not be covered under his policy and would cost £190 to fit.

Mr M complained to British Gas that he didn't want its equivalent product as a replacement, as he believes the British Gas equivalent is inferior to the Nest. Mr M said that he was willing to accept a Hive as a replacement but, didn't think he should have to pay £190 for it. Mr M argued that the terms and conditions of his policy don't say that he is not covered for repairs or replacement of his Nest product. He also argued that they don't say he would be charged for a like for like product such as the Hive.

British Gas said that Mr M's Nest is a third party product, so it wouldn't be able to provide him with a replacement Nest. But, British Gas did accept that if the Nest became faulty and required replacing, it would offer a repair – as long as this was in line with the terms and conditions of Mr M's policy. British Gas added that although Mr M's Nest wasn't working, his boiler was still providing heating and hot water. So, it wasn't satisfied that Mr M's boiler wasn't operating properly, which it says is a requirement under the terms and conditions of the policy. British Gas said that Mr M not being able to use his smart device to regulate the temperature of his boiler was only an inconvenience.

Unhappy with British Gas' response, Mr M purchased his own replacement Nest for £218.50. He then referred his complaint to our service. He thought as he is covered under his policy, British Gas should reimburse him for the replacement Nest he purchased.

One of our investigators upheld the complaint. He said he was satisfied that under the terms and conditions of Mr M's policy, British Gas was required to replace his Nest with either a Hive or British Gas equivalent. The investigator thought that because the Hive more closely matched the Nest than the British Gas' equivalent, it should've replaced Mr M's Nest with a Hive product. For these reasons, the investigator asked British Gas to reimburse Mr M £218.50 for the replacement Nest he purchased.

Mr M accepted the investigator's findings. But, British Gas didn't. It said it had confirmed with its engineer that although Mr M's Nest wasn't working, he still had heating and hot water and could've used the boiler's manual override to regulate its temperature. British Gas also said the fault in question was because Mr M's Nest heat link and thermostat were not communicating with each other, so Mr M was unable to use his smart phone. It added that

this is not covered under the terms and conditions of the policy, as it's a software related issue which doesn't stop the main function of the boiler.

Another investigator reviewed the complaint before an ombudsman considered the matter. He thought the complaint should be upheld, but for slightly different reasons than those provided by the initial investigator. He also thought that British Gas should reimburse Mr M £190 – the cost he would've incurred had he agreed to British Gas fitting a Hive at the time. This was because this is what Mr M was entitled to under the policy terms.

Both British Gas and Mr M didn't agree with the second investigator's findings. As no agreement could be reached, the complaint has been passed to me to make a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I'm upholding it. I'll explain why.

It's clear from the terms and conditions of Mr M's policy that faulty thermostats are covered. The terms and conditions relating to '*Boiler and Controls*' say, amongst of other things –

"What's covered

All repairs to:

- *The controls that make the boiler work including the programmer, any thermostats, motorised zone valves and central heating pump;*

A replacement of the gas supply pipe and the controls that make your boiler work if we can't repair them..."

British Gas has said that Mr M was not covered because the fault in question was software related – that is, Mr M was not able to use his smart phone to regulate the boiler's temperature. British Gas applied a section of the terms and conditions that say repairs relating to software which doesn't stop the main function of the boiler won't be covered.

Having considered this point, I'm unable to agree. I say this because Mr M is not solely complaining about the fact he was unable to use his smart phone. He is complaining that he was unable to use his Nest thermostat to regulate the boiler's temperature, which I'm satisfied is a main function of the boiler. I acknowledge that there was a manual override he could've used. However, I think it's unreasonable to have expected Mr M to have done this, particularly as 'thermostats' are specifically covered.

I'm also particularly persuaded by the fact that British Gas' engineer said in his report, "*Standard wireless [thermos]stat replacement only under contract.*" To me, it appears that the engineer was satisfied that Mr M was covered under his policy for a replacement, but just not for a Hive product. Had he considered this was purely a software problem that didn't affect the boiler working properly, I don't think he would've offered Mr M a replacement thermostat.

For the above reasons, I'm satisfied that Mr M was covered under his policy for either a replacement Hive or British Gas equivalent.

I will now consider what type of replacement Mr M should've been provided with.

Under the policy terms and conditions, the following is stated regarding replacement:

- *"...We'll provide replacements with similar functionality but not necessarily an identical make and model or type of fitting. In the case of internet enabled boilers, appliances or parts, replacements will only be from the British Gas or Hive range."*

So, I think this demonstrates British Gas should've replaced Mr M's Nest product with a product with similar functionality. From what I've seen, the British Gas' equivalent can't be used with a smart phone. However, the Hive product can. So I think it is a closer equivalent than the British Gas' replacement. British Gas hasn't provided any evidence to refute this despite being given the opportunity to do so. So, I think British Gas should've replaced Mr M's Nest with a Hive equivalent free of charge. But, because British Gas didn't, Mr M purchased a replacement Nest for £218.50.

Mr M has said the reason he purchased the replacement Nest instead of agreeing to have the Hive fitted by British Gas for £190 was because it would've cost him more to have a Hive fitted by another supplier. I appreciate Mr M was frustrated by his experience with British Gas, but I still would've expected him to mitigate his costs. Having a Hive fitted by British Gas was the cheapest option and he would've then had a product that was covered under the policy. So, I think it would've been more reasonable if Mr M had contacted British Gas again and agreed to have the Hive fitted by it. For this reason, I don't think it would be fair for British Gas to cover the full cost of the Nest Mr M purchased and had installed. Overall, I think a fair resolution would be for British Gas to pay Mr M £190, the cost he ought reasonably to have paid to have the Hive fitted.

my final decision

For the reasons set out above, I uphold this complaint.

I require British Gas Insurance Limited to pay Mr £190.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 June 2019.

Hannah Wise
ombudsman