

complaint

Mrs T has complained that she was mis-led by British Gas Insurance Limited ('British Gas') when she called to renew her home emergency insurance policy.

background

Mrs T held a Home Care policy with British Gas. It was due for renewal in October 2017 so she phoned British Gas as she had concerns over whether her boiler, which was around 22 years old, would still be covered. Mrs T was also enquiring about whether the cost of the policy could be reduced. Mrs T made several calls in October and on 1 November 2017. In the final call she said she was assured that parts were available for her boiler and that the policy didn't have a repair limit. So, Mrs T renewed the policy on this basis.

In March 2018 Mrs T's boiler began to leak. An engineer was called but he advised that a new boiler was needed. Mrs T says she was advised that this was because some parts weren't available and that they were also too expensive.

Mrs T complained. She said she'd been assured that parts were available and that there was no repair limit. Mrs T said she only agreed to renew the policy on this basis. She said if she'd been made aware that parts weren't available she would've taken an alternative policy that would've provided a 'beyond economic repair' (BER) payment of £750. Mrs T thought British Gas should pay her what she would've been able to claim from this policy.

British Gas agreed that the service it provided had fallen short. It said it should've been made clearer to Mrs T that parts could become unavailable in the future. But British Gas clarified that the engineer had said Mrs T needed a new boiler because even if it replaced parts, he considered the boiler would be unsafe due to corrosion. British Gas offered to refund Mrs T the premiums she'd paid to date, plus some compensation. This totalled £120.43.

Mrs T remained unhappy and referred her complaint to this service. She maintained the engineer had told her it couldn't repair the boiler because the parts were too expensive. Mrs T said it had transpired during the investigation of her complaint that the engineers had noted her boiler was in a poor condition when it had been serviced over a number of years. She said she hadn't been told this, only that it was inefficient.

Our investigator didn't uphold Mrs T's complaint. He said that he didn't think Mrs T had been misled when she renewed the policy. He thought Mrs T should've understood that there would be circumstances in which her boiler couldn't be repaired, regardless of the availability of parts or repair limits. The investigator said Mrs T hadn't been given any guarantees that her boiler could be repaired no matter what. He thought the compensation offered was fair.

Mrs T didn't agree. She said the parts that made her boiler unsafe could be replaced, so believed that the reason why her boiler hadn't been repaired was due to either the availability of parts or the cost of them. Mrs T maintained that she hadn't been told her boiler was in a poor condition when it was serviced, which was most recently in February 2018.

The investigator clarified that we couldn't consider any concerns she had about the services on her boiler before it broke down. This was because this service didn't form part of her insurance contract with British Gas. Instead, it was part of a service agreement and we couldn't consider complaints about this under our rules. He maintained that he didn't think

Mrs T had been misled at renewal because parts for her boiler were available at the time. He thought it was fair for British Gas to rely on the engineer's expert opinion that the boiler was unsafe.

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 not upholding it.

I know this will be very disappointing for Mrs T as she strongly feels that she's been treated unfairly by British Gas. But overall, I don't think she was misled at renewal. I'll explain why.

Mrs T made several calls to British Gas when she was thinking about renewing her policy. She was concerned about whether it was worthwhile renewing it because her boiler was older and she knew that British Gas didn't provide a BER payment. I've listened to the calls she made in October and Mrs T seems to have been told slightly different things about whether there was a parts and labour limit. She also wasn't satisfied with the answers she was given about whether parts for her boiler were still available. So, she called again on 1 November 2017 and spoke with a manager.

In this call, Mrs T was advised that there wasn't a parts or labour limit - the limit of £1,000 mentioned in earlier calls only related to gaining access to the boiler. I've checked the terms of Mrs T's policy and this is correct. Mrs T asked what would happen if the cost of the parts exceeded the value of the boiler. She was told there weren't any terms that would limit repairs in this way. Again, having checked the terms and conditions, this is correct.

Mrs T then asked whether parts for her boiler were still available. The person she spoke with said that there weren't any notes left by the engineer to say that parts were unavailable. She explained that the engineer would've told Mrs T or British Gas would've written to her if parts were no longer available for her boiler. The manager explained that if it couldn't be fixed then they would likely refund the premiums. Mrs T agreed to renew the policy based on what had been discussed and because she'd been assured that parts were available for her boiler.

British Gas said that the information Mrs T was given at renewal was correct, but the person she spoke with should've explained that parts could become unavailable in the future. I agree, but I think Mrs T already knew this. She has told us and also told British Gas in the renewal calls that she works in boiler insurance. And I think she understood that as she had an older boiler, parts availability could be a problem for her in the future. I think this is why she was seeking assurance from British Gas that parts were available for her boiler when she renewed.

So, even if the manager had made it clear that parts could become unavailable in the future, I still think Mrs T would've renewed her policy. She was aware that it didn't provide a BER payment and I think she would've understood that there could be circumstances in which a boiler couldn't be repaired, no matter whether the parts were available. So, I don't think she'd be in a different position to the one she finds herself in now.

Overall, I don't think Mrs T was misled. She was correctly told that her policy didn't include a repair and parts limit and she was also told that there were parts available for her boiler at

that time. I don't think Mrs T was given any guarantees that parts would remain available for the duration of her contract. Nor do I think she was given any guarantees that her boiler would be repaired if it broke down no matter what.

Mrs T has said that when her boiler broke down, the engineer told her that the boiler was too expensive to repair, which is contrary to what she was told about how the policy operated. I agree that if this was the reason why the boiler hadn't been repaired, this would be contrary to the policy terms, which say that repairs are unlimited. I've reviewed the notes from British Gas and it seems the cost of repairing the boiler may have been mentioned as a reason why a replacement boiler was advised. But, from what I've seen, the engineer also considered that the boiler would've still been unsafe if repaired.

I know Mrs T believes the boiler could've been repaired; she says the corroded parts and the electrics could've been replaced. But I think it was reasonable for British Gas to rely on the expert opinion of the engineer. So, I don't think the claim was handled unfairly.

Mrs T has also said that in one of the calls around the time she renewed she was told the boiler could effectively be rebuilt given the unlimited repairs. But as I've said above, it was the opinion of the attending engineer that even if parts were replaced, the boiler would put Mrs T at risk. I haven't seen any evidence that demonstrates it was unreasonable for British Gas to rely on this opinion.

Overall, I think the compensation offered to Mrs T, which included a refund of premiums from renewal to the date of the claim, was fair in the circumstances. I say this because I think British Gas went further than it needed to as Mrs T still had the benefit of the insurance (which included cover for other things) from renewal until her boiler broke down.

my final decision

For the reasons set out above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 16 August 2018.

Hannah Wise
ombudsman