

## **complaint**

Mr and Mrs P, who have a Homecare policy with British Gas Insurance Ltd (BG), complain BG refused to carry out repairs on their boiler, leaving them without central heating or hot water for many months. They also complain a BG engineer was rude and intimidating, and an agreed upgrade to their water system has taken too long to complete. For ease of reference, I'll refer only to Mr P in this decision, unless I need to refer to Mrs P specifically.

## **background**

Mr P has had the BG Homecare policy for a number of years. This policy essentially provides for repairs to Mr P's boiler and central heating system (the system), plus an annual service. But it doesn't cover repairs for damage caused by sludge or debris in the system – if BG had previously told Mr P of a need to carry out a procedure to remove sludge or debris.

Mr P's boiler is many years old, and BG has made a number of repair visits over time. In May 2018, there were problems with the boiler – sporadic hot water and no central heating. An engineer attended and ordered a part for installation. A different engineer attended a few days later to install the part, when he met Mrs P, but refused to install it. He said the current damage was caused by sludge build-up, and Mr P's policy didn't cover the work necessary to sort the problem out. And until a system clean was undertaken – which would cost extra as it wasn't covered by the policy – the repair wouldn't be done. Mrs P was left upset by the way this engineer dealt with her.

Over the following months, Mr P agreed to upgrade his radiators and cleanse the system. However, from July 2018, Mr P had no hot water in his house at all. The upgrade completed in October 2018, with hot water and central heating restored. During this period, Mr P complained to BG about its refusal to fix his boiler, the way the engineer treated his wife, and for the delay he'd experienced waiting for the upgrade to take place. BG responded, and said its engineer was right to refuse the repair. It said Mr P was advised many times before he needed to upgrade his system. Because he hadn't, and sludge remained, it didn't need to carry out the repair under the policy. But BG did offer £200 compensation for the way its engineer upset Mrs P, and delays in resolving the complaint.

Mr P is unhappy with BG's offer. He thinks BG should have fixed the fault. He doesn't think BG made it clear he had to have the system clean for further repairs to be done. He said he'd been without hot water for a number of months which caused significant distress and inconvenience. Both Mr and Mrs P are at or close to pension age, both with diagnosed health conditions, and having no hot water impacts on these.

Mr P brought his complaint to us – he thinks BG should pay compensation for the distress and inconvenience suffered, delays experienced, and refund the monthly premium he's paid. Our investigator upheld his complaint. He said that, whilst BG may have recommended upgrade works, it didn't make it clear to Mr P these works were needed for future repairs to be undertaken. So, the 'sludge' exclusion didn't apply. And BG should settle Mr P's claim for sorting out the problem caused by the sludge. And he also said because of the distress caused to them both, the compensation should be increased to £700.

BG didn't agree with this outcome, saying it'd taken all reasonable steps to advise Mr P he needed to 'cleanse' his system. And, Mr P was aware his system was full of sludge. And BG had done everything it could to carry out the upgrade and cleanse work necessary for the new boiler part to be installed. So, the case has been passed to me to consider.

## **my provisional findings**

In my provisional decision, I said the following:

*Mr P has made a number of complaints, not all of which I can consider. This is because the Financial Ombudsman Service can only look at complaints about certain financial matters. Mr P's complaint is mainly about how BG dealt with a claim he made under his Homecare insurance policy – and I can consider this. But Mr P's complaint also touches on the way BG dealt with providing an upgrade to his heating system. This is something we can't look at, as Mr P had a separate contract with BG to provide this service, for which he paid separately.*

*When upholding Mr P's complaint, our investigator said BG hadn't made it clear Mr P needed to have upgrade works on his system for the claim to be successful. So, the 'sludge' exclusion didn't apply. However, I don't think this is the right way to approach this complaint.*

*Mr P is unhappy the engineer who attended to fix his system, with the required part, then refused to do the repair - despite a different engineer who attended a few days before recommending this needed to be done. I can understand Mr P expected, on the day of the second visit, that his system was going to be fixed – it's what he was led to believe on the first visit. And I have sympathy with him that the 'second' engineer took a different view.*

*But in considering this part of Mr P's complaint I have to consider what his policy says about fixing this type of fault. So I'll start by looking at what Mr P's policy says about repairs, and what is and isn't covered. It provides a certain level of cover – boilers, controls and central heating on a service and repair basis. It also covers parts and labour, and an unlimited number of repairs. But it also sets out what isn't covered. In respect of boilers and central heating cover, the policy says it won't cover:*

*"Damage caused by limescale, sludge or other debris, if we've told you before that you need to carry out repairs, improvements or a British Gas Powerflush, or a similar process, but you haven't done so"*

*Sludge is defined as:*

*"The natural build-up of deposits in your boiler or central heating system as it corrodes over time"*

*A 'British Gas Powerflush' is defined as:*

*"A process where we remove sludge from your central heating system"*

*And under 'General Conditions', the policy comments further on a Powerflush:*

*"Over time, gas central heating systems build up sludge that can block or narrow your pipes, radiators and boiler parts...Powerflush is our way of removing that sludge from your system. We'll tell you if your system needs a powerflush to work properly. You'll need to pay for it separately – it isn't included in your cover".*

*And Mr P's policy renewal document for the period year ending October 2018 – the period in which this repair dispute occurred – also lists what is and isn't covered at page four, saying:*

*"We'll repair your gas central heating system, including your boiler, radiators, hot water cylinder, and the water pipes that connect them and controls such as thermostat and programmer". And:*

*"We won't remove sludge and scale or repair any damage it causes if we tell you it might be a problem for your boiler or system"*

*So, a key issue for me to begin with is whether Mr P knew his system had sludge/debris in it. And from what I can see, I think it's clear he did. BG's records suggest this was discussed during previous repair visits. I think it was also likely discussed when BG provided upgrade quotes. And Mr P's told us he knew his system had sludge in it, so, I'm satisfied Mr P knew.*

*Next, is whether Mr P was aware 'sludge' problems wouldn't be covered under his policy. The policy is clear it won't cover sludge damage if Mr P was told before he had to carry out repairs or arrange a powerflush – which the policy doesn't provide for - and hadn't done so. And the renewal letter says faults associated with sludge may not be covered.*

*I've seen details of all repair visits BG made to Mr P's home, but this doesn't say what was discussed on each. But some visits were for system blockages, and given the system was 30 years old as well, I think it's likely the issue of repair or cleansing was discussed.*

*Finally, I wanted to be sure the fault reported was caused by sludge in Mr P's system – to show if BG was right to decline the repair. BG confirmed the part ordered would be affected by sludge – it would fix the problem to begin with but would quickly stop working effectively and need to be replaced again. So, BG say they were right to refuse to repair as the policy said they don't have to repair sludge damage – and this damage was caused by sludge.*

*So, taken together, I agree BG were entitled to refuse to carry out the repair, notwithstanding what Mr P had been wrongly led to believe by the first engineer. The fault was caused by sludge, which Mr P knew about. And there'd been previous discussions between Mr P and BG about upgrading or cleansing works. So the fault wasn't covered by the policy at that time - because Mr P hadn't done anything to remove the sludge as suggested previously.*

*The second part of Mr P's claim concerns the way the second engineer spoke to Mrs P when he attended their home. Mrs P felt intimidated by the engineer's attitude and reduced to tears. I've no doubt Mrs P was distressed here. BG have accepted its engineer could have been more diplomatic, and what happened fell below their level of service expected. This is reflected in the £200 compensation BG offered. I agree what happened on this visit warrants compensation. Mrs P was clearly distressed but placing a value on distress isn't an exact science. BG has offered £200 for this (and delays in resolving the complaint) – and I think on balance this a fair amount in the circumstances.*

*I mentioned above I can't consider Mr P's complaint about delays getting his heating system upgraded. I have sympathy for the extreme problems Mr P experienced during the period his system wasn't working and understand how stressful and inconvenient this was. But the upgrade work wasn't undertaken as part of Mr P's policy – he paid for this separately - so I can't consider awarding any compensation for these delays.*

*But I do think BG should have done more to ensure Mr P wasn't without a working system for as long as he was. BG was aware, as soon as the second engineer visited in May 2018, that the part required to fix Mr P's system wasn't going to be fitted. BG were aware then that Mr P was without a fully functioning system, that Mr and Mrs P were at pension age, and*

*they both had health issues. Being without a functioning system placed them in a vulnerable situation – I'm told they even ended up transporting buckets of hot water from the kitchen to the upstairs bathroom to bathe, until the system was fully repaired in October 2018.*

*I'd have expected, here, to see BG noting that Mr P was in a potentially vulnerable situation. And by doing so, ensuring every effort was made to find a suitable solution at the earliest opportunity. From what I've seen I don't think this happened. Had BG done this, I think it's likely it would, or should, have done more to prioritise getting his system working as soon as possible. And because BG didn't do this, I think it's only fair and reasonable for it to accept some responsibility for the distress caused to Mr and Mrs P by not having a working system for so long. For this, I think BG should pay an extra amount of compensation – and think £400 provides a fair reflection of this distress.*

*Finally, Mr P says he should be refunded premiums for the period in question, as he was without a properly functioning system for nearly six months. I don't agree. Mr P's policy renews in October each year, the premium being spread over the next 12 months. I can see Mr P made other successful claims on the policy in the year in question – November 2017, and February and March 2018. As such, he appears to have had full benefit from the policy during the period in question. That being so, I can't say there's any reason for BG to refund any of the monthly premiums paid for the October 2017-2018 period.*

*So, for the reasons set out above, I said I'm minded to uphold, in part, Mr and Mrs P's complaint, and think British Gas Insurance Limited should pay Mr and Mrs P a total of £600 as compensation for the distress and inconvenience they experienced.*

### **responses to my provisional findings**

Mr P and BG have both responded to my provisional findings. Mr P believes that the proposed outcome was “almost fair”. He comments that different BG engineers have told him different things about the condition of his boiler, which has created confusion. He also questions my conclusion that he was likely aware his system had sludge in it. And he also mentions that BG have failed to repair damage caused by their engineer when fitting two of his new radiators as part of the upgrade work carried out.

BG do not accept my findings. In particular, it questions why I have awarded compensation for distress and inconvenience because BG left Mr P without a functioning system, when I've agreed Mr P's complaints about the system upgrade work are not something I can consider. BG have advised they would always try to accommodate separate 'chargeable' work, especially where consumers are vulnerable, but wouldn't put this ahead of customers who had a Homecare agreement with them. And, BG advise they moved work to accommodate Mr P's chargeable work to be completed. However they were advised Mr P was unavailable on Monday and Tuesdays, making it difficult to fit the work in as it was a two and a half day job. And BG say Mr P was also advised, due to it being chargeable work, he could use a third party to complete the work quicker. BG concluded that because Mr P could not show any flexibility around his availability, the work could not be completed until October 2018.

### **my findings**

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

Dealing with Mr P's response first, and his comment about the damage caused when the radiators were replaced, I must reiterate a point made in my provisional decision. The radiator replacement work was not undertaken under Mr P's Homecare policy – it was a separate 'paid-for' job. This being so, I can't deal with any complaint about how that upgrade work was done, and so I make no further comment in that regard.

Mr P also questioned my conclusion he was aware his system had sludge in it. But he also mentions that some engineers said sludge build up may be a point to consider. This, taken together with Mr P's previous comments in which he clearly says he knew there was sludge in his system, means I have no reason to change my mind on this subject. I'm satisfied Mr P was aware his system had sludge in it, and accordingly BG were entitled – for the reasons I've outlined in my provisional decision – to refuse to carry out the repairs in question.

I now need to deal with BG's response. I've already said I can't consider the actual delays Mr P says he experienced in the paid-for upgrade work BG undertook – this wasn't provided under Mr P's Homecare policy, so isn't something that's within our jurisdiction to consider.

But Mr P was a BG Homecare customer, and BG knew from mid-May 2018 that he was without a properly functioning system. And BG were clearly aware from that point Mr and Mrs P, by virtue of their age and health issues, were vulnerable and potentially at risk as a result of not having such a system. Mr P clearly flagged the vulnerability issues in the complaint he raised immediately after the second engineer visit in May 2018.

I've seen there were discussions between Mr P and BG, after the second engineer visit. As well as mentioning the effect of sludge in the system, these also included the issue of Mr P upgrading his radiators. Mr P eventually received a quote for the upgrade work at the end of July 2018, agreeing to this some days later. So, there was a period of nearly 12 weeks between BG being aware Mr P had a system that wasn't functioning properly – and that he and his wife had health and potential vulnerability issues – and Mr P signing the agreement for the paid-for upgrade works. And it's in this period, essentially, I've considered whether BG did enough – given their knowledge of Mr P's vulnerable situation – to ensure he wasn't left without a functioning system as quickly as they could, or I think should have done.

As I've mentioned above, BG have advised they'd always try to accommodate 'chargeable' work, especially if consumers are vulnerable. But I can't see anything in the information BG has sent us suggesting *it had acknowledged* Mr P as a potentially vulnerable customer – despite clearly being aware of this. Or, furthermore, that it proactively reacted to Mr P's potential vulnerability by taking steps to ensure he was without a functioning system for the shortest period possible. Yes, there were some email and phone exchanges, particularly a long conversation at the end of June. But there's nothing within these where BG acknowledged the potential vulnerability of Mr P's situation – the exchanges suggest they are treating him the same as an 'ordinary' non-vulnerable customer.

And whilst I've said I can't consider the delays in the subsequent paid-for upgrade work in principle, I think BG's failure to acknowledge Mr P's vulnerability is likely to have impacted on the time it took for this upgrade work to be completed. Put very simply, had BG acknowledged Mr P's vulnerability from the outset, I think it's likely he'd have been – or should have been – treated as a priority customer from the outset, and the length of time it took for the problems with his system to be sorted would have been significantly shorter.

So, for the above reasons, I haven't seen anything from BG to alter my view that it didn't do enough to identify Mr P's vulnerable situation. And furthermore, that it should pay an extra

amount of compensation to Mr P for the distress and inconvenience experienced as a result of its failure in this regard. But I also haven't seen anything from Mr P that persuades me the level of compensation should be increased beyond the £400 I suggested in my provisional decision, and so I have no reason to alter that figure now.

**my final decision**

For the above reasons, I think British Gas Insurance Limited should pay Mr and Mrs P a total of £600 as compensation for the distress and inconvenience they experienced.

And, BG should pay this to Mr and Mrs P within 28 days of being informed they have accepted this award. If payment hasn't been made by then, interest at 8% simple per annum will start to accrue on the sum awarded, from that 28th day to the date of payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs P to accept or reject my decision before 21 June 2020.

Mark Evans  
**ombudsman**