

complaint

Mr K's complaint arises from British Gas Insurance Limited's refusal to reimburse costs he incurred in having a hot water cylinder replaced privately.

background

Mr K had a central heating insurance policy with British Gas. However, when he had a problem which meant his hot water cylinder needed to be replaced, he did not think that it would be covered under the policy and so arranged it privately. Sometime later, Mr K contacted British Gas and was told that replacement of the cylinder would have been covered under the policy.

British Gas agreed, as a gesture of goodwill, to reimburse Mr K the cost of the cylinder and other parts (over £500) but not the cost of the labour (approximately £600), as it would have cost it a lot less than Mr K was charged if it had been contacted at the outset. It also agreed to a lower monthly premium.

Mr K remains unhappy with this. He says that he checked his policy booklet before arranging the work and it suggested that the cylinder would not be covered, which is why he did not contact British Gas then.

Our adjudicator did not recommend the complaint be upheld. He thought that the policy booklet was not unclear and in the circumstances British Gas' offer was reasonable.

Mr K did not accept the adjudicator's assessment. He says that he contacted British Gas later because he wanted to upgrade his cover so that it included the cylinder in future. The policy is unclear, as it does not mention cylinders in the relevant section of cover that he had at the time; and, in any event, he disputes that British Gas would have been able to do the same work for the sum it has said (or for any sum less than £500).

Mr K has also said that the policy documentation has since been changed to specify that under the central heating cover he had covers "expansion tank, pipework, immersion heater, cylinder and radiators". He questions why this change would have been necessary, if it had been sufficiently clear as it was. If this wording had been included in his policy at the relevant time, then he would have made his claim under the policy and would not be in this position.

As a result of the ongoing dispute, the matter has been referred to me.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The issue for me to decide is whether British Gas is entirely responsible for Mr K believing that his policy would not cover his hot water cylinder and as a result incurring private costs of approximately £1,100.

The fact that British Gas may have changed its policy wording does not necessarily mean that the original wording was so unclear that it should be required to reimburse all Mr K's private costs. The new wording would seem to make the cover clearer however, I do not

consider that the original wording was so unclear that I can attribute the misunderstanding about the cover entirely to British Gas.

The original wording stated that the policy covered the central heating system as shown in blue on the diagram included in the policy. It does not mention cylinders or tanks in that section of cover and Mr K submitted that a tank is not part of the central heating system. However, it seems to me that it would reasonably be considered to be part of the central heating system (even if, as Mr K says, some systems do not have cylinders).

In addition, as mentioned policyholders are referred to the diagram in the policy booklet which shows in blue those parts of the system that are covered under the central heating cover policy. The hot water cylinder in the diagram is half blue and half black (which denotes that it is also covered under a separate plumbing and drainage policy).

Mr K says that this is misleading, as next to the blue part of the cylinder it says "cylinder thermostat" and the words "hot water cylinder" are next to the part that is covered in black.

I am not persuaded by this. The cylinder is coloured in black and blue because it is covered under two different policies. And the cylinder thermostat is shown separately from the cylinder itself in the diagram. The cylinder is shown in blue and therefore it seems to me sufficiently clear that it is covered under the policy cover that Mr K held. The key explaining which policy the colours relate to is under the diagram.

Strictly speaking British Gas was not obliged to make any payment to Mr K, as it was not given an opportunity to attend and carry out the work itself. However, we do expect insurers to act equitably where there has been a genuine error such as this and so we would therefore expect it to make some contribution. Often we would consider that the insurer need only pay the amount that it would have cost to carry out the work, if it had been given the chance to attend. However, I am pleased to note that British Gas has offered more than this. The amount already offered by British Gas is considerably more than it would have cost British Gas to supply and install a new cylinder, given its commercial arrangements. Although Mr K disputes this, I have no reason to doubt the figures provided by British Gas.

Given this and its agreement to a lower monthly premium for the policy seems to me to be a reasonable offer in all the circumstances of the complaint.

my final decision

For the reasons set out above, it is my decision that I do not uphold this complaint against British Gas Insurance Limited. I am not sure if that has already been paid but if not and Mr K would now like to accept that offer, he should accept this decision within the time specified.

Harriet McCarthy
ombudsman