

complaint

Mr B complains that British Gas Insurance Limited is responsible for poor service in connection with a home emergency insurance policy.

background

Mr B lives with his wife and school- age daughter. For many years he has had British Gas insurance for his central heating. Where I refer to British Gas I refer to the insurance company of that name and I include engineers and others for whose actions I hold that company responsible.

The policy included an annual boiler service. In 2016 and on 16 January 2018 British Gas did annual service visits. On about 2 March 2018 (during cold weather) Mr D's boiler broke down. This left his family with no central heating or hot water. He contacted British Gas for help but the earliest available engineer's appointment shown online was about 9 March.

So Mr B got a local engineer to look at his boiler. He got a quote for the parts necessary to repair it. But – instead of a repair - Mr B paid £2,200.00 for the installation of a new boiler.

Mr B complained that British Gas hadn't done the annual services properly and hadn't helped him in an emergency. He said it should contribute to the cost of his new boiler.

In a final response letter in July 2018, British Gas said it would refund Mr B what he had paid in 2018 and would also pay £30.00 in compensation for delay in responding to his complaint – a total of £176.58.

our investigator's opinion

At first our investigator didn't recommend that the complaint should be upheld. She didn't think that the insurer hadn't taken adequate steps to service the boiler. She didn't think it would be fair to ask British Gas to reimburse the cost of the boiler replacement or the costs for the parts that would've been covered by the policy. She thought that the resolution British Gas had provided was fair and reasonable

The investigator changed her view after Mr B provided a quotation for the costs of the parts that would've been necessary to repair the boiler. The investigator recommended that the complaint should be upheld. She thought that Mr B's policy would've covered him for the cost of these parts. She recommended that British Gas should reimburse Mr B for this cost.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr B and to British Gas on 22 August 2019. I summarise my findings:

Mr B was faced with an unreasonable wait for a British Gas engineer - so he engaged his own engineer.

That engineer got a quotation for parts to repair the boiler. That was for a total of £1,643.71 (most of it for a new heat exchanger). But it didn't include labour to install the parts. No doubt there was a discussion between Mr B and his engineer. And Mr B opted for the installation of a new boiler at a cost of £2,200.00.

I found it likely that British Gas could've got the spare parts for less than £1,643.71. But I found it likely that there would've been substantial labour costs. I found it likely that it could've installed a new boiler for less cost to it than £2,200.00.

I found it likely that – as Mr B and his engineer did - British Gas would've concluded that it was more economic to replace the boiler.

But I accepted Mr B's statement that he couldn't get through to British Gas on the phone and the first available appointment online was for about 9 March. I didn't think he could have confidence that British Gas was going to repair or replace his boiler on that day.

So I was minded to find it fair and reasonable to direct British Gas to reimburse Mr B the £2,200.00 he ended up paying for the installation of a new boiler.

Subject to any further information from Mr B or from British Gas, my provisional decision was that I was minded to uphold this complaint. I intended to direct British Gas Insurance Limited to pay Mr B:

1. £2,200.00 in reimbursement of the cost of installing the new boiler; and
2. simple interest on that amount at the yearly rate of 8% from 9 March 2018 to the date of reimbursement. If British Gas considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it must tell Mr B how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

In response to the provisional decision, Mr B says his engineer is willing to provide information to us.

British Gas hasn't provided any further information or comments in response to the provisional decision.

Therefore I see no reason to change my provisional 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.

events before 2017

Mr B's policy renewal date was about 27 November each year.

From what Mr B has said and from the British Gas work history, I think Mr B replaced his boiler in 2012.

The work history shows annual service visits in April 2015, January 2016 and 21 November 2016.

policy terms

As regards the annual service, the British Gas policy terms have (since at least October 2015) included the following:

“Annual service

*One of our engineers will visit your **home** once a year to check that your appliance, boiler or **central heating** and ventilation is working safely and in line with the relevant laws and regulations. We'll also test the gases your appliance or boiler produces. If these tests show that it's necessary to take your appliance or boiler apart to adjust or clean it, we'll do so.*

During the visit, our engineer will fill in a checklist that shows you exactly what we've looked at. If we find a problem or fault that needs to be fixed, we'll tell you about it.”

So – although an annual service is important – it is a safety check and an emissions test. I don't think British Gas has to take the boiler apart to clean it unless the test shows a problem. I don't think an annual service is any guarantee that a boiler won't break down a few weeks later.

The policy covered spare parts and labour for repairs. Alternatively the policy terms (September 2017 edition) covered the following:

*“A **replacement** for your boiler if we can't **repair** it and:*

- It's less than seven years old*
- Or, it's between seven and ten years old, we installed it and it's been continuously covered by British Gas under either a warranty or HomeCare agreement”*

The policy terms (September 2017 edition) also included the following:

“Reasonable timescales

*We'll carry out any **repairs** or visits you're entitled to within a reasonable time, unless something beyond our control makes that impossible – in which case we'll let you know as soon as possible and give you another time when we can visit.”*

The policy terms (September 2017 edition) also included the following:

*“We won't offer you cash instead of carrying out an **annual service, repairs or replacements**.”*

events from 2017

After the annual service visit in November 2016, there was no annual service visit in 2017. Nearly fourteen months had passed when British Gas did the service on 16 January 2018. But an annual service visit required cooperation between Mr B and British Gas to make a mutually convenient appointment. And he didn't complain at that time. So I can't say that British Gas was at fault for not doing the visit a couple of months sooner.

I've seen a couple of photographs (from March 2018) that show corrosion inside the heat exchanger. And Mr B has quoted his engineer as saying that his boiler hadn't been serviced for some time. But I haven't seen anything in writing from that engineer.

And British Gas has provided some test results (from January 2018) that it says were within the expected range. So I can't say British Gas should've taken the boiler apart to clean the

heat exchanger. And I'm not persuaded that the British Gas annual service in January 2018 fell below a reasonable standard.

In March 2018, the cold weather increased the urgency of boiler repairs. I think Mr B was faced with an unreasonable wait for a British Gas engineer- so he engaged his own engineer.

That engineer got a quotation for parts to repair the boiler. That was for a total of £1,643.71 (most of it for a new heat exchanger). But it didn't include labour to install the parts. No doubt there was a discussion between Mr B and his engineer. And Mr B opted for the installation of a new boiler at a cost of £2,200.00.

I find it likely that British Gas could've got the spare parts for less than £1,643.71. But I find it likely that there would've been substantial labour costs. I find it likely that it could've installed a new boiler for less cost to it than £2,200.00.

Mr B's boiler was less than seven years old. So I find it likely that – as Mr B and his engineer did - British Gas would've concluded that it was more economic to replace the boiler.

But I accept Mr B's statement that he couldn't get through to British Gas on the phone and the first available appointment online was for about 9 March. I don't think he could have confidence that British Gas was going to repair or replace his boiler on that day.

So I'm minded to find it fair and reasonable to direct British Gas to reimburse Mr B the £2,200.00 he ended up paying for the installation of a new boiler. That wouldn't be as a cash settlement in lieu of repair under the policy. Rather it would be compensation directed by the Financial Ombudsman Service for the shortcomings of British Gas in dealing with Mr B's claim and complaint.

I've thought about directing British Gas to pay Mr B compensation for the fact that its shortcomings no doubt caused him distress and inconvenience. But I think much of that distress and inconvenience was to do with being out of pocket since about 9 March 2018. So I find it fair enough to direct British Gas to add interest at our usual rate.

As he will have been compensated for the benefits due under the policy I don't find it fair and reasonable to direct British Gas to refund any of Mr B's payments of premium. British Gas sent Mr B a cheque for £176.58 but he told us he hadn't paid it in. If he did later pay it in then I will allow British Gas to deduct that amount from what it pays him.

my final decision

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

- 1 £2,200.00 in reimbursement of the cost of installing the new boiler; and
- 2 simple interest on that amount at the yearly rate of 8% from 9 March 2018 to the date of reimbursement. If British Gas considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it must tell Mr B how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 October 2019.

Christopher Gilbert
ombudsman