

complaint

Company B complains that, without telling it, British Gas Insurance Limited (“BGI”) changed the terms of its home emergency insurance policy after it took out the policy. It’s represented in bringing this complaint by its director, Mr F.

background

Company B owned a number of properties which it rented to students. It took out a home emergency policy with BGI covering amongst other things the boiler and central heating at the properties. The policy was renewed in September 2017 to run for 12 months.

Company B didn’t have any problems in 2017. However in January 2018 it found that BGI’s engineers seemed to have changed the terms on which they would attend its properties. Because they were in an area of restricted parking, engineers wouldn’t attend a property unless they were assured that a parking permit would be available for them.

Mr F said there had been the following incidents:

1. January 2018 – engineer booked to look at boiler. He rang tenant to say he wouldn’t attend unless a visitor’s parking permit was available at the property. The tenant didn’t have one, so he didn’t attend. The boiler problem went away so another booking wasn’t needed;
2. February 2018 – engineer booked to look at boiler on another property on 3 February. He didn’t attend, apparently because of pressure of call outs. Rebooked for 6 February. Mr F said the engineer was rude to the tenant. The engineer complained to the tenant about the lack of a parking permit. He had to return the next day to fit a part but said he would only do so if a parking permit was available;
3. March 2018 – boiler break down. Engineer arrived but wouldn’t look at boiler unless the tenant provided a parking permit, which the tenant didn’t have. Mr F spoke to the engineer but he wouldn’t change his mind. Eventually the tenant managed to obtain a permit from a neighbour. After looking at the boiler, the engineer said he would have to return the next day but a permit would need to be available.

Mr F spoke to Company B’s account manager at BGI to complain about what was happening. The manager wasn’t aware of what was going on. After investigating he said this was now BGI’s policy in the city where the properties were located because of the local parking difficulties.

He offered to pay for Company B to buy some permits to be available for the properties and engineers when they called. However Mr F didn’t think this was a workable solution. Many of the tenants were students, so he thought that any permits that he gave them were likely to be misplaced, or misused, and wouldn’t be available when needed by an engineer. So in March 2018 Company B cancelled its policy with BGI and complained about the problems it had encountered.

BGI accepted the cancellation. It refunded part of the premium Company B had paid in advance, and offered compensation of £50 for the broken appointment and poor service experienced in incident 2 above. But it wouldn’t offer any further compensation or refund as it said it had provided the service contracted for during the policy period until cancellation.

Company B wasn't satisfied with this and complained to us. Mr F thought BGI should refund in full the premiums Company B had paid for the months of January, February and March 2018. He said the requirement to have a parking permit available wasn't in the policy terms and conditions, and hadn't been mentioned when Company B took out and renewed the policy. He thought BGI had missold the policy.

Our investigator didn't recommend that BGI should have to do anything more. She said that although the policy terms and conditions required the policyholder to give BGI access to their premises, she hadn't seen anything that said they had to provide engineers with parking permits.

Company B had had a policy with BGI for some ten years, and the issue had never arisen until 2018. From BGI's case notes it seemed that this was a local issue in the city where Company B's properties were located. And not all of BGI's engineers in the city insisted on permits being made available.

The investigator thought the offer by BGI's account manager to pay for a number of permits wasn't an unreasonable proposal, but it wasn't clear how many permits were to be provided or for what period. So she couldn't say it was wrong of Company B to reject this proposal.

She also thought BGI's offer of £50 as compensation for the broken appointment and poor service was reasonable in the circumstances. And the refund BGI had made in respect of the three affected properties was also fair.

Mr F responded on behalf of Company B to say, in summary, that:

- its main complaint hadn't been addressed, namely that BGI had changed the policy terms after it took out the policy without telling it. He thought BGI had missold the policy for which Company B should be compensated; and
- it didn't think it should have to pay the premiums for the policy for January, February and March 2018 when BGI's engineers weren't fulfilling their obligations under the policy.

The investigator said there wasn't an explicit term in the policy that BGI had changed. But the way the policy operated in practice had changed since the policy was taken out, which she agreed wasn't fair.

As the policy was in the name of a company, she could only consider the effect of BGI's actions on the company, not its tenants. Company B wasn't out of pocket as a result of the parking issue. So she couldn't ask BGI to compensate it in respect of the parking issue.

Company B didn't accept the investigator's recommendation. So this complaint has been passed to me to issue a 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.

First of all I must make it clear that our role isn't to fine or punish a business, or to tell it to run its business differently – that is for its regulator, the Financial Conduct Authority, to

consider. Our role is to consider complaints about particular events, and to require a business to compensate its customer, or restore their position, where the circumstances require.

In this case BGI's customer was a company – Company B. So in considering what BGI did, I can only look at the financial effect this had on Company B, not any financial effect or any distress and inconvenience suffered by its tenants, or indeed its directors or employees.

I don't think BGI set out deliberately to change its policy terms and conditions. Mr F says the city has had parking restrictions for many years during which Company B had its policy with BGI, and there haven't been problems in the past. So it's not clear why the issue suddenly flared up in 2018.

It seems to have been a localised issue in the city where Company B's properties were located. So I can't say BGI deliberately missold the policy when Company B renewed it in September 2017.

Nevertheless, by allowing its engineers to add an extra term in the policy conditions before they would attend a property BGI effectively changed the policy terms unilaterally. I agree with the investigator that this was unfair.

When Mr F brought this to the notice of BGI, it offered to mitigate the effect of this by paying for some parking permits to be kept at the affected properties. Mr F explained that he didn't think this would work in Company B's circumstances. So Company B terminated the policy with immediate effect. BGI accepted this and refunded some premium that had been paid in advance.

While I agree it was wrong for BGI unilaterally to change the policy terms, and then not tell Company B what it had done, Company B hasn't suffered any financial loss as a result. During the period of the policy, BGI provided the service to Company B that it paid for in the way of insurance cover and boiler repairs at the various properties. So there isn't any basis for me to say BGI should pay any compensation to Company B.

BGI has paid compensation of £50 to Company B in recognition of a broken appointment and poor service by one of its engineers, and has refunded some premium which had been paid in advance when the policy was cancelled. I don't require it to do anything more.

my final decision

My decision is that I don't uphold this complaint, and make no order against British Gas Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Company B to accept or reject my decision before 22 March 2019.

Lennox Towers
ombudsman

