

complaint

Mrs S complains that British Gas Insurance Limited ("BGI") failed to check her central heating system properly when it agreed to take it on under her home emergency insurance policy. The result was that she continued to use the system for several years with substandard plastic gas supply pipework before this came to light.

background

I issued a provisional decision on this complaint on 29 January 2019 which is attached to, and forms part of, this decision.

Neither Mrs S nor BGI produced anything further to challenge what I said in the 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.

As neither Mrs S nor BGI has provided any fresh information or evidence in response to my provisional decision, I find no basis to depart from my earlier conclusions.

my final decision

My decision is that I order British Gas Insurance Limited to pay Mrs S compensation of £175 for the distress and inconvenience it caused her by failing to notice and tell her about the defects earlier.

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

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background

In 2014 Mrs S agreed to take out a home emergency policy with BGI. Before it issued the policy, BGI inspected the boiler to check it was working correctly and safely, and pronounced it "fit for contract".

However in 2017, during a routine service, a BGI engineer noticed that the gas supply pipework from the gas main to the meter was plastic. Also, an isolation switch was missing. This meant the system shouldn't have been taken on for insurance. So BGI wouldn't carry out any further work on it. Mrs S was worried and distressed when she found this out and complained to us.

our investigator's view

Initially our investigator said that BGI wasn't responsible for installing the pipework, or for now making it good. But he thought BGI should compensate Mrs S for the distress she suffered when she found she had been living with it for three years by refunding the part of the premium she had paid for boiler servicing, plus interest.

Mrs S agreed with this, as she thought that by failing to notice the defects BGI hadn't been carrying out its services professionally. She was worried when she realised the system hadn't been safe for some time.

BGI thought the compensation proposed wasn't appropriate, as during the period of the insurance Mrs S had had the benefit of her boiler being serviced as well as other maintenance/repair work. It said the defects wouldn't have been obvious to its engineer at the time of the initial inspection.

The investigator said that in his view:

- BGI wasn't responsible for the pipework being installed and the isolation switch being missing, as these matters pre-dated its involvement;
- it wasn't responsible for rectifying them;
- he didn't think BGI ought to have been aware of the defects till 2017;
- when BGI found out, it was entitled to withdraw cover; and
- while the policy was in force, Mrs S received the services she had paid for.

All in all he didn't think there had been any loss that he could require BGI to cover.

Mrs S responded to say, in summary, that the faulty pipework was identified during a routine service in 2017 by a BGI engineer. It was clearly visible, so BGI's engineers should have noticed it sooner if they were doing their job properly. And the pipework was actually covered by the insurance policy; so BGI should have done more to check it before taking it on.

BGI said, in summary, that:

- the pipework immediately below the gas meter wasn't plastic. It only changed to plastic further down so wouldn't be immediately obvious to its engineers;
- it wasn't responsible under the policy for the gas supply up to the meter, or for work done by other persons; and

- while it didn't think it was at fault, it appreciated that being told her pipework was non-complaint and BGI could no longer cover her under the policy could cause distress to Mrs S. It offered compensation of £100 for this distress.

Mrs S refused BGI's offer. She said she didn't think it had acted with the professionalism she was entitled to expect when she took out the policy. She also thought she had been mis-sold the policy as from the diagram in BGI's documentation she was entitled to expect that the gas supply pipework was included in the policy.

my provisional 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 don't agree that BGI's documentation, and the diagram included in it, suggests that the gas supply pipework from the gas main to the gas meter is included in the policy. In the diagram, the boiler and its controls are coloured yellow, as are the gas supply pipes between the meter and the boiler, and the meter and other gas appliances.

However the supplier's gas pipe from outside the house to the meter is uncoloured and described in the key as *"shown for reference and not included with these agreements"*. So I don't think there's anything in the policy documents to suggest this pipework was covered by the policy Mrs S bought, and I can't say the policy was mis-sold to her.

BGI and Mrs S disagree about whether BGI's engineers should have noticed, when they first inspected the system before issuing the policy, or on later annual inspections, that an isolation switch was missing and the gas supply pipework to the meter was plastic.

BGI says that given where these were situated it wouldn't have expected its engineers necessarily to have noticed these issues. Mrs S says they should have been obvious to anyone standing in front of the gas meter.

From the photos Mrs S has supplied, it's true that the pipe immediately below the meter isn't plastic. But after some 18 inches there is a join to a yellow plastic pipe which is clearly visible in the photos. On balance, I think BGI's engineers should have noticed this when they first inspected the system and on each later visual inspection.

BGI's terms and conditions make it clear that the policy doesn't cover design or existing faults to the system. So if its engineers had noticed this defect on their inspection visit, BGI wouldn't have allowed the system to be covered by its policy, at least until Mrs S had arranged for the defects to be corrected at her expense.

Because BGI didn't notice the defects, it issued the policy, and Mrs S had the benefit of insurance cover for her central heating system, her plumbing and drains, and her electrical system, and had her boiler serviced, for several years. I've seen nothing to suggest that any work BGI did under the policy wasn't properly carried out.

So although BGI wouldn't have issued the policy if it had known about the defects, it did issue the policy and work under it was properly carried out. In that respect Mrs S got what she paid for. The plastic piping, and the absence of the isolation switch might, in some circumstances, have had more serious consequences, but fortunately this didn't happen.

It's not our role to fine or punish a business for anything it has done or failed to do. That is for the Financial Conduct Authority as its regulator to consider. We can require a business to compensate a customer for any financial loss it's caused them. But in this case I can't say Mrs S has suffered any loss under the insurance contract for which I should require BGI to compensate her.

I do understand that when Mrs S found out that during the period of the policy she had been living with defects that in some circumstances could have caused a serious incident, this caused her distress and inconvenience. Because I think BGI should have noticed the defects at the outset and at each subsequent service visit, I think it's fair that it compensates Mrs S for this distress and inconvenience.

BGI has offered to pay Mrs S compensation of £100. I think the appropriate figure in all the circumstances is £175.

my provisional decision

For the reasons I've explained, but subject to any further comments and evidence I receive from either Mrs S or from BGI by 12 February 2019, I intend to uphold this complaint in part. I intend to order British Gas Insurance Limited to pay Mrs S compensation of £175 for the distress and inconvenience it caused her by failing to notice and tell her about the defects earlier.

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