

complaint

Mr B complains that British Gas Insurance Limited mishandled his claim on a home emergency insurance policy.

background

The Financial Ombudsman Service deals with consumer complaints about regulated activities carried out by regulated financial firms. 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.

Mr B took out a new British Gas policy in February 2018. It was to cover his central heating boiler. But in late March 2018 British Gas visited and said he first needed to pay for a replacement plate heat exchanger for his direct hot water. Mr B got his own engineer to work on his heat exchanger.

In May 2018 Mr B reported a leak and asked British Gas to help. He complained that it declined to help – blaming Mr B's engineer for the leak which it thought was coming from the heat exchanger.

In the end Mr B's engineer fixed a leak by replacing the hot water flow housing. Mr B complained that British Gas hadn't diagnosed that part as the source of the leak. He said British Gas should reimburse him.

British Gas or Mr B cancelled his policy with effect from June 2018.

In its final response letter, British Gas said it had arranged to send Mr B a cheque for £30.00.

Our investigator didn't recommend that the complaint should be upheld – at first. He thought that British Gas had made an error but the £30.00 compensation offered was reasonable in the circumstances.

Our investigator later changed his view. He recommended that the complaint should be upheld. He thought British Gas had incorrectly diagnosed the leak as coming from the seal of the heat exchanger. He didn't think he'd seen any definitive evidence that Mr B's engineer caused any faults or the replacement of the hot water flow housing. He said that if it had been diagnosed sooner, that part could've been covered by British Gas. He recommended that British Gas should reimburse Mr B the cost of that.

Mr B agreed with the investigator's opinion.

British Gas didn't respond to the investigator's opinion. So the investigator asked for an ombudsman to review the complaint.

my findings

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

Mr B had a British Gas policy that expired in December 2017 when he chose not to renew it. In February 2018 he decided to take out a new British Gas policy.

The policy terms covered boiler repairs – but not for all faults. The policy excluded damage or faults caused by another company. The policy also excluded faults that existed when Mr B took out that policy. Although British Gas had seen his boiler before, the new policy was subject to a first inspection visit.

When the British Gas engineer attended in late March 2018, he didn't record a leak. He said Mr B had a pre-existing issue with the plate heat exchanger. That's in line with his record of intermittent hot water.

So I don't think British Gas treated Mr B unfairly by declining to do anything until he had paid for work to the heat exchanger. British Gas (or strictly speaking an associated company) gave him a quote for a replacement.

Mr B says he involved his own engineer at that stage. But I haven't seen an invoice. So I'm not persuaded that Mr B paid for a new plate heat exchanger.

Mr B called British Gas about a leak in May 2018. Its engineer said Mr B's engineer had cleaned the plate. That indicates that Mr B's engineer hadn't replaced it. And British Gas (or strictly speaking an associated company) again quoted to replace the heat exchanger.

I don't think at that stage British Gas was recommending a new heat exchanger because of intermittent hot water. And British Gas has told us in other cases that a clean can be an effective alternative to a replacement heat exchanger.

British Gas wasn't declining to fix the leak because Mr B hadn't replaced the heat exchanger. Rather British Gas was declining to fix the leak because its engineer thought Mr B's engineer had cleaned the heat exchanger and left it leaking.

There's been a suggestion that Mr B's engineer replaced the seal of the heat exchanger. But I haven't seen an invoice. So I'm not persuaded that Mr B paid for that.

I think the leak continued until Mr B's engineer fixed it by replacing the hot water flow housing. And British Gas engineers hadn't diagnosed a leak from the hot water flow housing.

I don't think that shows that British Gas had been wrong to recommend a new heat exchanger. It's quite possible that Mr B's boiler had more than one fault.

But I think the burden is on British Gas to show that its policy didn't cover the leak because it had been caused by Mr B's engineer. And the British Gas final response letter included the following apology:

"I have offered a good will gesture of £30.00 as an apology that our diagnosis was incorrect upon the second appointment however I am unable to alter the outcome in regards to liability for the second fault appearing".

So British Gas apologised that its diagnosis in May was incorrect. Also, British Gas hasn't provided us with enough technical detail to show that Mr B's engineer damaged the hot water flow housing. So I find that British Gas has fallen short of showing that its policy didn't cover fixing the leak.

That means I think British Gas treated Mr B unfairly by declining to help him under the policy.

I've thought about ordering British Gas to pay Mr B compensation for the distress and inconvenience it caused by declining to help him. But I think most of that was to do with the fact that Mr B had to pay his own engineer.

I've seen an invoice for £150.00 for that dated 19 June 2018. Therefore I find it fair and reasonable to order British Gas to reimburse Mr B for that. And - as Mr B has been out of pocket since that time - I find it fair and reasonable to order British Gas to add interest at our usual rate.

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. £150.00 in reimbursement of his engineer's invoice dated 19 June 2018; and
2. simple interest on that amount from that date at the yearly rate of 8% until 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 6 April 2019.

Christopher Gilbert
ombudsman