

## **complaint**

Mrs M complains about British Gas Insurance Limited's handling of a claim under her policy, as well as its decision to reduce her level of cover.

The background to this complaint and my provisional findings were set out in my provisional decision of July 2015 as follows:

### ***"background to complaint***

*Mrs M held an agreement, provided by British Gas Services Limited. In April 2010, British Gas carried out a boiler inspection and noted that the water was discoloured. British Gas advised that a powerflush was required, at Mrs M's own cost.*

*In October 2010, an engineer repaired a boiler fault but noted 'water mucky' and again said that a powerflush was needed.*

*In March 2011, Mrs M renewed onto an agreement underwritten by British Gas Insurance Limited.*

*British Gas attended to service the boiler in May 2011. The engineer advised that a plate heat exchanger and powerflush were required but that this work would be chargeable and no further cover for water carrying parts would be provided until this work had been done.*

*In June 2011, British Gas carried out an unsuccessful sonic clean. Later that month, parts were replaced and the advice to have a powerflush was repeated.*

*At this point, Mrs M complained to British Gas, saying she had no hot water at her property since October 2010 despite multiple engineers' attendances.*

*In September 2011, British Gas attended and cleaned the differential pressure valve. This restored Mrs M's hot water. The engineer reported that sludge had caused the differential valve to seize and told Mrs M the system needed a powerflush. British Gas then wrote to Mrs M to say it would not provide any further cover for water carrying parts until a powerflush had been carried out. Mrs M complained to us.*

*An adjudicator investigated the complaint and said that the events which took place before March 2011 did not fall within our jurisdiction. In respect of the delays from May 2011 until September 2011, our adjudicator recommended that British Gas should pay Mrs M £300 compensation for the inconvenience caused. British Gas did not accept our adjudicator's recommendations and said Mrs M had not followed its advice to have a powerflush carried out so, therefore, it was not responsible for any delays.*

*The complaint has now been passed to me to determine.*

### **my provisional findings**

*After considering all of the issues involved, we took the view that the agreement provided by British Gas Services Limited contains all of the features of a contract of insurance, and therefore falls within our jurisdiction. British Gas has accepted this and has recently provided us with information relating to the April 2010 and October 2010 attendances.*

*Mrs M's insurance policy provides cover for certain repairs. Policies such as this do not generally provide cover for preventative maintenance work. In particular, Mrs M's policy excludes;*

*'Removing sludge or hard-water scale from the boiler or system'.*

*The policy goes on to say;*

*'If we recommend that your system needs cleaning through with PowerFlush we will charge you to undertake this work...When a repair is needed due to sludge (for example damage to pump, valves or radiators) and we have not already told you that you need to flush and clean your system with PowerFlush or a similar procedure, we will attempt to carry out a repair (excluding the use of Powerflush) and will do so at no extra cost'.*

*Mrs M does not agree that a powerflush was required and instead says the issues with her boiler were caused by British Gas' engineers' workmanship. However, British Gas' notes show that the opinion of its engineers has consistently been that the system requires a powerflush. In particular, during the September 2011 attendance, British Gas' engineer pointed out that sludge was visible on the differential valve.*

*British Gas is entitled to rely upon the opinion of its engineers. In the absence of a report from an independent engineer, stating that Mrs M's heating system does not require a powerflush, I feel it is likely that the problems with Mrs M's boiler were indeed being caused by sludge.*

*Our adjudicator felt an award of £300 compensation was appropriate for issues with the case.*

*Mrs M also complains that British Gas has reduced the level of cover provided to her (by excluding cover for water carrying parts) while at the same time increasing the premiums charged for the policy. This aspect of Mrs M's complaint was not addressed by our adjudicator.*

*British Gas has said that a number of repairs have been carried out on Mrs M's central heating system since September 2011, as Mrs M is a valued customer.*

*The terms and conditions of Mrs M's policy do appear to make provision for the removal of cover for water carrying parts if a powerflush recommendation is not followed. This though is a significant restriction on cover which should be clearly highlighted to a policyholder at renewal – which I am not sure British Gas has done. Hence I do think compensation is due, for different reasons than the adjudicator, but agree that now the clause has been highlighted cover can be restricted.*

*Looking at price we generally consider that an insurer is entitled to set a premium as it sees fit. British Gas has said that the first year's premium included an introductory discount but thereafter it takes into account a number of factors when setting the premium. These include the make, model and age of the boiler, the breakdown history as well as specifics such as the number and type of radiators in the property. None of these seem unreasonable, so I do not believe that Mrs M has experienced an unfair increase in her premiums.*

*I intend to recommend that British Gas should offer restricted cover to Mrs M under the agreement if she wishes. Alternatively, if Mrs M wishes to cancel her agreement then I believe she should be entitled to do this without penalty in view of the issues here.*

*For the avoidance of doubt, if Mrs M wishes to continue with cover, a powerflush is excluded under the terms and conditions of her policy. If Mrs M instead opts to cancel the policy, I do not believe she is entitled to a refund of any premiums paid because British Gas has carried out work on her boiler and she has therefore benefited from the cover.*

### **my provisional decision**

*My provisional decision is that I intend to uphold this complaint in part and recommend that British Gas Insurance Limited should;*

- *Pay Mrs M £300 compensation for the inconvenience caused;*
- *Provide Mrs M with the option of either continuing with her policy with an exclusion for water carrying parts at full premium, or of cancelling her policy without penalty.”*

### **developments**

British Gas acknowledged receipt of my provisional decision and said it had no further comments to add.

Mrs M's representative responded to my provisional decision and said the boiler is now working fine and there have been no further issues. Mrs M does not agree that the boiler was sludged and suspects the problems were caused by a broken, rusted valve which led to her being without hot water for months.

### **my findings**

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

While I understand that Mrs M may not have had any further problems with her boiler, this does not conclusively mean that British Gas' powerflush diagnosis was an incorrect one. Based on the information provided, I see no reason to depart from my provisional decision.

**my final decision**

My final decision is that I uphold this complaint in part.

British Gas Insurance Limited should pay Mrs M £300 compensation for the inconvenience caused and either continue her policy with an exclusion for water carrying parts at full premium or cancel the policy without penalty at Mrs M's option.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs M to accept or reject my decision before 14 September 2015.

Christopher Tilson  
**ombudsman**