

complaint

Mrs M, on behalf of A – a limited company – is complaining that British Gas Insurance Limited mis-sold a Homecare policy to cover one of A's boilers.

background

A's boiler broke down so British Gas was asked to repair it under A's Homecare policy. But the part required to fix it wasn't available so it wasn't able to repair it. So the policy was cancelled and A received a pro-rata refund of premiums – £16.62 – because A didn't use the full annual policy.

British Gas explained that the manufacturer was only required to keep making parts for 10 years. And A's boiler was built in 1991.

Mrs M complained to British Gas that it mis-sold the policy. It says that British Gas should've told A that it didn't make parts for the boiler any longer. And she says that the premium should've also gone down because of this.

British Gas says that its engineers told A regularly since 2013 that there were only a limited amount of parts available for the boiler. So it didn't think it did anything wrong. Although it thought it had raised A's expectation by suggesting it would get a larger refund than it did.

Our investigator didn't uphold the complaint as she didn't think A would've cancelled the policy even if British Gas had explained everything as clearly as it should've. Mrs M didn't agree. She says British Gas should've told her what percentage of parts were available. And she thinks it's likely A wouldn't have taken out the policy on this boiler had it known this. She says the policy documents given at renewal don't cover what she needs to know about the policy.

As Mrs M didn't agree with the investigator, the complaint's been passed to me to decide.

my findings

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

I've decided to not uphold this complaint and I'd like to explain why.

British Gas didn't recommend this policy to A. So it didn't have to ensure it was suitable or not. It was for Mrs M, on behalf of A, to decide whether it needed the policy or not. But British Gas needed to give Mrs M enough information to make an informed choice.

Mrs M says that British Gas should've told A what percentage of parts were still available for the boiler. But I don't agree. British Gas needed to explain the key benefits and limitations of the policy. The terms of the policy say that it will do what it can, within reason, to repair the boiler if it's warned the policyholder that it might be difficult to get spare parts. And it says that it will cancel the agreement if it can't get replacement parts.

So British Gas needed to explain to A that it may not be able to source some of the parts needed to repair the boiler. The engineer reports for when British Gas did repair the boiler

show that the engineers did advise A of this. And Mrs M has told us she remembers them doing so. So I'm satisfied has highlighted what it should've in this case.

I don't think British Gas needed to tell A what percentage of parts were available unless A specifically asked for it. And I can't see that any of A's employees ever asked British Gas for this information.

Mrs M thinks the premium should've gone down once parts stopped being available. But A is entitled to decide what premium to charge for the policy. Mrs M was aware that some parts may not be available and how much the policy cost. And she chose to keep the policy.

British Gas has offered A £50 because it thinks it misled it in respect to how much of a premium refund it would receive. A hasn't said it's not fair compensation, but for the avoidance of doubt I think it's fair.

my final decision

For the reasons I've set out above, it's my final decision that I don't uphold this complaint. I don't think British Gas Insurance Limited needs to refund any further premiums. And I think £50 is fair compensation for any trouble that it may have caused A. British Gas Insurance Limited should pay this to A directly if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M, on behalf of A, to accept or reject my decision before 12 February 2018.

Guy Mitchell
ombudsman