

complaint

Mrs T complains that British Gas Insurance Limited is responsible for poor service under her home emergency insurance policy.

background

Mrs T had a British Gas Home Care policy that covered repairs to her boiler, controls and central heating and hot water system. She was paying an annual premium of about £380.00 by instalments of about £31.00 on the second day of each month.

Where I refer to British Gas, I refer to the insurance company of that name and I include engineers and others insofar as I hold that company responsible for their actions.

In about May 2018, Mrs T called for help with her central heating boiler. She complained that British Gas left it so that she couldn't get hot water without the heating coming on. British Gas said it would respond to her complaint within eight weeks.

On 5 July 2018, British Gas wrote a letter informing Mrs T of her right to bring the complaint to us.

In August 2018, Mrs T contacted our service. She complained that British Gas should repair her system or give her a refund of what she'd paid. She also complained that British Gas should only charge her the annual premium advertised on its website.

On 12 September 2018, British Gas sent a final response. It said it was sending Mrs T a cheque for £30.00 for delay in contacting her. But it said that its engineer had told her in May 2018 that it couldn't fix her boiler because it needed a part that was obsolete.

our investigator's opinion

Our investigator didn't recommend that the complaint should be upheld. He said that British Gas wrote to Mrs T in March 2018 warning her that, because of her boiler's age, there might be difficulty in obtaining parts. The investigator thought that British Gas tried to repair the boiler in May 2018 but unfortunately the parts were no longer available. So he didn't hold British Gas responsible for the issues that the boiler suffered after the visit in May 2018.

In about December 2019, we decided to deal separately with Mrs T's complaint about the price she had been paying British Gas.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mrs T and to British Gas on 29 September 2020. I summarise my findings:

British Gas had done what it could within reason to do a repair. Therefore I didn't find it fair and reasonable to direct British Gas to do any more to repair the boiler.

However, the letter of 15 February 2018 had said that Mrs T might get a refund backdated to when she last had work done or the latest renewal whichever was later. And Mrs T hadn't had any work done since the renewal on 23 March 2018.

Subject to any further information from Mrs T or from British Gas, my provisional decision was to uphold this complaint in part. I intended to direct British Gas Insurance Limited to pay Mrs T:

1. a refund of each instalment she paid on or after 23 March 2018;
2. simple interest at a yearly rate of 8% on each such instalment from the date she paid it to the date British Gas reimburses her. If British Gas considers that HM Revenue and Customs requires it to withhold income tax from that interest, it must tell Mrs T how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Neither Mrs T nor British Gas has responded to the provisional decision. I see no reason to change my view.

my findings

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

From its work history, I see that British Gas had visited Mrs T since at least 2009. For example, in June 2011 it replaced a water-to-water heat exchanger.

I'm familiar with the last few editions of the British Gas policy terms. I'm satisfied that – since at least October 2015 – the policy terms have included the following:

“If we've agreed to cover a boiler or appliance but warned you that it might be difficult to find spare parts, we'll do what we can, within reason, to repair it.”

Since at least September 2017 – the policy terms have included the following:

“Where you have Boiler and Controls Breakdown Cover or Central Heating Breakdown Cover; and
*• We can't get hold of the parts we need to fix your **boiler and controls or central heating***
*• And, we haven't told you before that we may not be able to find them we'll refund any money you have paid for these **products** since your last claim, up to a maximum of three years”*

British Gas sent us a copy of a renewal letter dated 15 February 2018 including the following warning:

*“Our records indicate that your boiler is [model]
Your boiler's manufacturer stopped making your particular model of boiler a while ago. And whilst they are still making the most important parts for your boiler, some other parts are becoming difficult to source
At some point in the future we may not be able to fix your boiler if it breaks down. However, we'll do all we can to keep it running for as long as possible. We are the one of the largest distributors of gas and electrical parts in Europe and over 99% of the time we are able to source any parts needed to fix a boiler*

In the unlikely event we can't fix the boiler, you may be able to get a refund back dated to when you last had work done, or to when you renewed your agreement – whichever is the most recent"

Mrs T sent us an email dated 17 February 2018 with a copy of a shorter renewal letter dated 15 February 2018 without any such warning. But that electronic version of the letter says that Mrs T may log on to her online account to view the renewal documents. And I find it likely that those renewal documents included the longer version of the renewal letter dated 15 February 2018.

So, on balance, I'm satisfied that British Gas had warned Mrs T that it might be difficult to find spare parts.

The policy renewed automatically for a year from 23 March 2018.

From the British Gas records, I find that in May 2018 the engineer made a note as follows:

"FAULTY PCB CAUSING HEATING TO COME ON ADV BY MAKERS PART IS OBSOLETE AND NOT ON ADAPT"

So I find that – as it couldn't source a replacement printed circuit board – British Gas couldn't do any more to repair Mrs T's boiler. I consider that British Gas had done what it could within reason to do a repair. Therefore – keeping in mind the first policy term quoted above - I don't find it fair and reasonable to direct British Gas to do any more to repair the boiler.

However, the letter of 15 February 2018 had said that Mrs T might get a refund backdated to when she last had work done or the latest renewal whichever was later. And Mrs T hadn't had any work done since the renewal on 23 March 2018.

So I find it fair to direct British Gas to pay Mrs T a refund of the instalments she paid on or after 23 March 2018. Mrs T told us in late October 2018 that she'd told British Gas to stop taking instalments. But I find it likely that she'd made payment on the second day of each of the seven months from April to October 2018.

As since she's been out of pocket since then, I intend to direct 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 in part. I direct British Gas Insurance Limited to pay Mrs T:

1. a refund of each instalment she paid on or after 23 March 2018;
2. simple interest at a yearly rate of 8% on each such instalment from the date she paid it to the date British Gas reimburses her. If British Gas considers that HM Revenue and Customs requires it to withhold income tax from that interest, it must tell Mrs T how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 6 December 2020.

Christopher Gilbert
ombudsman