

complaint

Mr M complains that British Gas New Heating Limited mis-represented the cost of the agreement it set up for him to pay for a heating system.

background

Mr M signed a contract for a new heating system dated 16 April 2014. He says that he was provided with a quote for the new system which he agreed to. He says he confirmed with the agent that there were no further costs. He says that he was not provided with any documents other than the quote he agreed to.

He says he received information from the finance provider saying his loan application had been accepted and his direct debit had been set up. This information noted the monthly repayment amount but not the term of the loan or interest rate. Mr M says he thought the term of the loan was 36 months.

Mr M received an annual statement from the finance provider in May 2015 which showed the term as 60 months and noted the interest rate. At this time he says he realised that the total amount repayable was over £5,000 and included over £1,800 of additional charges that he says he was not told about. He says that had he been provided the loan document and known the terms he would not have agreed to it.

British Gas says that Mr M was provided with a fixed price contract for his heating system which he agreed to. It says he chose to use finance to pay for this and that its agent would have explained the finance application. It says that the loan agreement set out the terms of the loan and the total amount payable.

British Gas accepted that the documents were not left with Mr M but says that these were emailed to him. It says that Mr M confirmed he received the welcome letter via email from the finance provider and that another email providing information about how to access his documents online would have been sent to the same email address. It says there was no evidence to say that the finance agreement was misrepresented to Mr M.

The adjudicator said that the information in the loan agreement was clear and that she found the finance provider had sent Mr M enough for him to be aware of the terms. She did not find that there was enough evidence to say that a misrepresentation had occurred.

The adjudicator found it more likely than not that British Gas did not leave the documents it should have with Mr M and said that it should pay Mr M £250 compensation.

British Gas did not accept that £250 compensation was reasonable for not leaving the documents and instead offered to pay Mr M £50. The adjudicator put this offer to Mr M.

Mr M said that his signature had been added digitally to the loan agreement and he had never been told of the additional costs involved. Mr M said that £50 was not enough to make up for the over £1,800 of charges that he had not agreed to.

my findings

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

There is no dispute that the loan document and pre contract information clearly set out the loan terms including the interest rate, duration and total amount payable. The dispute is whether or not Mr M was misled into accepting the finance agreement to pay for his new heating system.

Mr M was provided with a copy of the contract for the new heating system and says that he confirmed that the contract price would not change. He says he believed this to be the total cost including any financing costs.

Having looked at the quotation and contract document I find that this is clear that the price is for the heating system and its installation. British Gas confirmed this price was fixed. This document then notes that Mr M's payment method was via finance from a finance provider. I find nothing in the document to suggest that the cost of financing the new heating system via a finance agreement was also included in the quoted price.

British Gas says that the finance application would have been explained to Mr M. I find it more likely than not that some explanation would have been provided as Mr M was aware he was paying for the system via a finance agreement. There is nothing to suggest that the finance was being provided interest free and I find it reasonable that he would have expected there to be a charge for this.

Mr M says that he only became aware of the terms of the loan when he received his annual statement in May 2015. However, I accept that Mr M was sent an email providing access to his documents after his loan application was accepted. I appreciate that the welcome letter he received did not contain the full information but the loan document did. So while I understand Mr M says he did not receive this information, based on the evidence provided I find it more likely than not that this was sent.

Mr M says he could have used alternative finance if he had known the terms. I appreciate Mr M's comments and note that he would have expected to pay a charge for alternative finance arrangements but that he believes he could have found a better option. However, I find it reasonable that if he was unaware of the terms of his finance then he would have tried to find these out at that time.

On balance, I do not find that I have enough evidence to say that the finance agreement was misrepresented to Mr M. I find it more likely than not that the information Mr M was sent to him. Had he not been happy at that stage he could have withdrawn from the agreement.

I do find that Mr M was not provided with the service he should have been. The loan documents were not given to Mr M on the day he agreed to the contract. While I do not find that this made a material difference in Mr M getting the information he needed to make the decision, I do find that this was a mistake and that it would have been easier for Mr M had the documents been left with him. Because of this I find the offer of £50 compensation reasonable.

In regard to the cheque for £99 for the service Mr M did not receive, I understand this has been reissued.

I understand that British Gas has explained the issue regarding the £9 difference in the loan agreement and confirmed that the loan agreement is correct.

my final decision

My final decision is that British Gas New Heating Limited should pay Mr M £50 compensation in settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 May 2016.

Jane Archer
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