

complaint

Mr K complains that British Gas Insurance Limited gave him poor service under a home emergency insurance policy.

background

Mr K had British Gas insurance cover which included plumbing and drainage. He suffered a water leak through a ceiling and into his kitchen. He called British Gas for help. It sent an engineer four days running. Mr K complained that British Gas didn't trace or fix the leak on the first two visits. So he incurred about £900.00 loss of earnings, damage to his property and had to pay a restoration company, he says.

our investigator's opinion

Our investigator recommended that the complaint should be upheld in part. She thought that British Gas was responsible for the damage.

And it had told Mr K that it would cover the cost, so he didn't contact his household insurer until after he'd instructed the restoration company. For that reason, the household insurer declined to pay for drying out, the investigator said.

She recommended that British Gas should pay the invoice for the work carried out by the restoration company.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr K and to British Gas on 8 March 2018. I summarise my findings:

British Gas caused all the damage except for the stain on the ceiling which had little or no cost of repair.

Mr K had to pay the restoration company £2,129.10 for work to strip out and dry out the affected rooms.

Mr K claimed on his buildings insurance. And he's shown us that insurer's estimate of £2,124.23 for putting right the damage. The estimate mentions drying but I think the estimate is for redecoration. After deducting its excess of £250.00, the buildings insurer paid Mr K £1,874.23.

The drying machines were running for 24 hours a day. So that would be about 800kWh. And the bill shows that Mr K was paying 17.04p plus 5% VAT (total 17.89p) per kWh.

Mr K must've been upset about the damage and it must've been inconvenient for him or at least three or four weeks

Subject to any further information from Mr K or from British Gas, my provisional decision was that I was minded to uphold this complaint in part. I was minded to order British Gas Insurance Limited to pay Mr K:

1. £2,129.10 for the restoration company's invoice;
2. simple interest at a yearly rate of 8% on £2,129.10 from the date that Mr K paid it to the date British Gas reimburses it. If British Gas considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate;
3. £250.00 towards redecorating costs;
4. £143.12 for electricity costs;
5. £300.00 for distress and inconvenience

Mr K says he agrees with all the points in the provisional decision.

British Gas disagrees with the provisional decision. But it accepts the provisional order for payment. It says that before it arranges the payment it will ask Mr K to sign a Form of Discharge.

my findings

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

Where I refer to British Gas, I refer to the insurance company by that name, its home assistance company, that company's engineers and others for whose actions I hold British Gas responsible.

I've looked at the policy terms. They included cover for plumbing repairs. But they excluded showers, seals and grouting. They said that the policy didn't cover loss or damage unless it was caused by British Gas.

Water pipes are often covered by ceilings, floors or other surfaces. So – in order to trace and fix a leak – it may be necessary to break open such surfaces. Most home emergency policies provide that the insurer will "*make good*" the resulting hole, but not re-decorate.

Damage caused by an escape of water is often covered by a home buildings insurance policy.

From what Mr K has said, he has a bathroom above the kitchen. Water was leaking into his ceiling before Mr K rang British Gas. That's why he rang. So I think the leak had already caused some damage.

And – with hindsight – we know that the leak was coming from a loose connection on a pipe above the ceiling. So it was already inevitable that someone would have to break open the ceiling to trace and fix the leak.

A British Gas engineer attended. His report said that there were problems with the seal and grouting of the shower. He said the policy didn't cover such work. I think what the engineer said is consistent with a damp patch on a ceiling. And I don't think the engineer did anything to the plumbing to make the leak worse.

But I think he had mis-diagnosed the cause of the leak. Leaking pipes were covered by the policy. And I think that – by not considering the possibility of a leaking pipe – the engineer fell below a reasonable standard of service. And he led Mr K to believe that there would only be a leak when the shower was in use.

No-one turned the water off at the stop tap. And overnight, there was a further escape of water. Next day Mr K contacted British Gas again. Its engineer attended and said that there had been a leak from the bath taps. His report said he'd fixed it.

But again I think the engineer had mis-diagnosed the cause of the leak. And I think that – by not considering the possibility of a leaking pipe – he fell below a reasonable standard of service. He led Mr K to believe the leak was fixed.

But the leak continued the next day. Another British Gas engineer attended, broke open the ceiling and fixed the connection on the pipe. His report identified heavy damage. It says that he told Mr K British Gas would re-plaster the ceiling.

The next day, Mr K contacted the restoration company. Its report and the photographs show major water damage to the kitchen and the living room, including ceilings, walls and floors.

I've thought about the likely minor damage – a stain on the ceiling – when British Gas first attended. And I've thought about the major extent of the flood damage afterwards. I'm satisfied that British Gas caused all the damage except for the stain on the ceiling which had little or no cost of repair.

It's unfortunate that Mr K had to take leave from work for five days. But we don't generally expect businesses to compensate a customer for their time. And – when I asked Mr K for documents to show his £900.00 loss of earnings he said there weren't any. So I don't find it fair to order British Gas to pay Mr K anything for loss of earnings.

I think that British Gas filled in the holes in the ceiling.

From the restoration company's estimate and its invoice dated 6 October, I accept that Mr K had to pay it £2,129.10 for work to strip out and dry out the affected rooms.

Mr K claimed on his buildings insurance. And he's shown us that insurer's estimate of £2,124.23 for putting right the damage. The estimate mentions drying but I think the estimate is for redecoration. After deducting its excess of £250.00, the buildings insurer paid Mr K £1,874.23.

Mr K says that British Gas had led him to believe it would pay for the restoration company.

But I don't think there's enough evidence that British Gas ever said that. And I don't think that would be a sufficient explanation of why Mr K contacted the restoration company before he contacted his buildings insurer.

But I've found that British Gas caused the damage. And I find it reasonable that Mr K paid out £2,129.10 to the restoration company. I also accept that the estimated redecoration costs were £2,124.23.

If Mr K hadn't had any buildings insurance then I would've ordered British Gas to pay the total of £4,253.33. But – as his buildings insurer paid £1,874.23 – I find it fair and reasonable to order British Gas to reimburse Mr K the balance of £2,379.10 – that is equivalent to the £2,129.10 plus the £250.00 excess.

Mr K has shown us an electricity bill for the two months to 8 November 2017. The bill is based on an estimate of Mr K's annual consumption of 955 kWh. So the bill doesn't record the increase in Mr K's consumption during the drying out.

But, helpfully, the restoration company provided details of the electricity consumption of its drying machines. It put this at about 600 kilowatt hours (kWh) based on 18 hours per day.

I accept Mr K's statement that the machines were running for 24 hours a day. So that would be about 800kWh. And the bill shows that he was paying 17.04p plus 5% VAT (total 17.89p) per kWh. So I find it fair and reasonable to order British Gas to reimburse Mr K £143.12 for extra electricity.

The £250.00 excess isn't money Mr K paid out. And there's no evidence he's yet paid for extra electricity. So I don't find it fair to order interest on those sums. But Mr K has been out of pocket for some months for the £2,129.10 he paid the restoration company. So I will order British Gas to pay interest on that at our usual rate.

Mr K hasn't gone into detail about the effect the damage had on him (apart from having to take time off work). But he must've been upset about the damage and it must've been inconvenient for him for at least three or four weeks. So I find it fair and reasonable to order British Gas to pay compensation of £300.00.

If Mr K accepts this final decision, then it will become legally binding on him and British Gas. That will apply whether or not Mr K signs a British Gas form of discharge.

my final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I order British Gas Insurance Limited to pay Mr K:

1. £2,129.10 for the restoration company's invoice;
2. simple interest at a yearly rate of 8% on £2,129.10 from the date that Mr K paid it to the date British Gas reimburses it. If British Gas considers that it's required by HM Revenue & Customs to withhold income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate;
3. £250.00 towards redecorating costs;
4. £143.12 for electricity costs;
5. £300.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 11 May 2018.

Christopher Gilbert
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