

## **complaint**

Mrs W complains, through her husband Mr W, that British Gas Insurance Limited gave poor service under her home emergency insurance policy.

## **background**

The Financial Ombudsman Service deals with consumer complaints against insurance companies and other regulated financial firms. Where I refer to the insurer or British Gas, I refer to the insurance company by that name and I include its engineers and others for whose actions I hold that company responsible.

We can only deal with complaints about regulated activities such as the sale or administration of insurance – or activities ancillary to regulated activities. We do not have legal power to deal with complaints about the sale or installation of a gas boiler – unless (exceptionally) it was installed free of charge as a benefit of an insurance policy.

On 30 March, a British Gas engineer visited Mr and Mrs W's home. The engineer said their boiler was old and not all spare parts would be available. Within a couple of weeks, Mr and Mrs W had a new boiler installed at a cost of over £2,000.00.

But the central heating system broke down. British Gas got the system working by replacing a three-way valve. Mr and Mrs W complained that the valve had been the problem all along – and they hadn't needed a new boiler.

### *our investigator's opinion*

Our investigator at first didn't recommend that the complaint should be upheld. She thought that the problem wasn't the boiler but the three-way valve in the tank. But she thought that it was Mr and Mrs W's decision to buy a new boiler. So she didn't think we could fairly say that British Gas should be liable for paying for that.

Later the investigator changed her opinion. She recommended that the complaint should be upheld in part. She thought that British Gas had failed to identify the actual problem and to provide cover as per the terms of the policy. That had accelerated Mr and Mrs W's purchase of a new boiler, she said. The investigator recommended that British Gas should make a 50% contribution toward the costs of the new boiler.

### *my provisional decision*

After considering all the evidence, I issued a provisional decision on this complaint to Mrs W and to British Gas on 20 November 2018. I summarise my findings:

Mr and Mrs W had decided that the time had come to replace the old boiler. And (following the replacement of the three-way valve) they are benefitting from the new boiler. So I didn't find it fair and reasonable to order British Gas to make a payment towards the cost of that new boiler.

The delay in sending the final response was, in my view, only part of a failure to communicate properly with Mrs W after she made the complaint. And I think that caused her distress and inconvenience by making her feel that British Gas was ignoring her and her husband and making them chase for progress.

At the time of its final response, British Gas had sent cheques totalling £95.00.

Subject to any further information from Mrs W or from British Gas, my provisional decision was that I was minded to uphold this complaint in part. I intended to order British Gas to pay Mrs W – insofar as it hasn't already paid her - £100.00 for distress and inconvenience.

Mr and Mrs W disagree with the provisional decision. He says, in summary, that British Gas didn't do proper checks at the annual service visit in March. If it had checked, it would've found that the boiler wouldn't operate after the time switch activated. And British Gas didn't deal properly with communications after the complaint, he adds.

British Gas also disagrees with the provisional decision. It says, in summary, that Mr and Mrs W have cashed the cheques for £95.00 – which is approximately the same amount as the provisional decision amount of £100.00.

### **my findings**

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

The British Gas policy covered repairs to Mr and Mrs W's central heating system including their boiler and motorised zone valves. The policy also covered an annual service to check that the central heating was working safely.

From what they've said, I think the boiler was more than ten years old.

The policy didn't cover the cost of flushing out limescale or sludge. And the policy didn't cover repair of damage caused by any failure to follow British Gas advice to get a power flush.

The policy said that if British Gas had warned that it might be difficult to find spare parts, British Gas would do what it could, within reason, to repair the boiler.

From what Mr and Mrs W have said, the visit on 30 March was an annual service visit (ASV) following a period of cold weather. I don't think it was a call-out to deal with a reported fault. The engineer left Mrs W a checklist that included the following:

*“Reduced parts..., All working at time of visit, scaled up heat exchanger”*

British Gas has sent us its work history. That includes a slightly fuller note as follows:

*“BOILER ALL WORKING, ON OFF MULTIPLE TIMES, WORKING OK AT TIME OF VISIT, SCALED HEAT EXCHANGER”*

From those notes I make the following findings:

1. The boiler manufacturer was no longer making that model or some of its spare parts. So British Gas had that model on a “reduced spares list” (“RSL”). If the boiler required spare parts, it might not be reasonably possible to repair it quickly or at all.

2. The boiler was working. So I don't accept Mr W's recollection that the boiler wouldn't operate after the time switch was activated.
3. The engineer repeatedly turned the boiler on and off before reporting that it was working OK. I find that this is evidence that he was looking for a fault that Mr or Mrs W had mentioned.
4. The engineer noted a problem with one of the main components of the boiler - the heat exchanger. He thought it contained a build-up of limescale. I think that would've been affecting the performance of the central heating system.

In Mr and Mrs W's position, I think some people would've waited to see how much longer the old boiler would last. Others would've decided to take control of the timing of its replacement.

Mr and Mrs W have said the central heating system stopped working shortly after the visit on 30 March. But I don't think Mr and Mrs W gave British Gas an opportunity to check whether it could fire up the old boiler and whether the problem lay elsewhere, such as the three-way valve. I don't think Mr and Mrs W gave British Gas an opportunity to check whether the central heating system needed spare parts or whether it could be repaired under the policy.

Rather, Mr and Mrs W ordered a new boiler from a company associated with the insurer. That company installed the new boiler on 16 April. It cost Mr and Mrs W about £2,382.00. I find it likely that the installer left the new boiler working.

And Mr and Mrs W must've thought that they'd invested in a more modern and reliable central heating system. So I'm sure they were frustrated when the central heating stopped working later the same day.

On 19 April a British Gas engineer reported as follows:

*"drained system replaced 3 port body and head"*.

From that report, I think that the engineer replaced a three-way valve.

Clearly the function of the boiler is to heat water for central heating radiators and hot water taps. I think that the function of the three-way valve is to control the supply of heated water into (1) pipework for radiators or (2) pipework for hot taps or (3) pipework for both.

And from what Mr W and British Gas have each said, I think that the three-way valve was attached to the hot-water tank. It wasn't part of the old boiler or the new boiler.

I can understand that Mr and Mrs W thought that British Gas should've been quicker to find the problem with the three-way valve – and that they might not have needed the expensive new boiler.

They complained on about 23 April. Under the Financial Conduct Authority rules, British Gas had eight weeks to provide its final response.

British Gas offered Mrs W £65.00 and later sent a cheque for that amount. From the undated covering letter, I don't find that there was an admission of fault by British Gas.

It's possible for older central heating systems to have an intermittent problem. And it's possible for there to be more than one problem, at the same time or at different times. The evidence from British Gas indicates that Mr and Mrs W had problems both with the old boiler (RSL and scale in the heat exchanger) and a problem with the three-way valve.

I think Mr and Mrs W disagree with that. They think the only problem was with the three-way valve. But they haven't provided enough evidence from another central heating engineer to show that the British Gas engineer fell below a reasonable standard of work on 30 March. And I don't think they've shown that – at that time – British Gas should've replaced the three-way valve.

I think Mr and Mrs W had decided that the time had come to replace the old boiler. And (following the replacement of the three-way valve) they are benefitting from the new boiler. So I don't find it fair and reasonable to order British Gas to make a payment towards the cost of that new boiler.

From its records I can see that on 19 June Mr W chased up the complaint by contacting British Gas. It said it would call him back – but it didn't. So Mr W rang again on 22 June. And in early July Mr W's son rang British Gas.

British Gas provided its final response on 25 July. That was about a month outside the eight-week rule. British Gas sent Mrs W a cheque for £30.00 for that delay.

The delay in sending the final response was, in my view, only part of a failure to communicate properly with Mrs W after she made the complaint. And I think that caused her distress and inconvenience by making her feel that British Gas was ignoring her and her husband and making them chase for progress.

At the time of its final response, British Gas had sent cheques totalling £95.00. If British Gas hadn't done that, I would've found it fair and reasonable to order it to pay Mrs W £100.00 for the distress and inconvenience caused by the shortcomings in communication. I wouldn't have upheld this complaint if British Gas had paid £100.00. But it only paid £95.00 so I do uphold the complaint.

Mr and Mrs W told us last month that they hadn't paid in the cheques. But British Gas has shown us records showing that the cheques have now been cashed. So British Gas only has to pay a further £5.00. But I will still stick to my previous wording that British Gas should pay Mrs W – insofar as it hasn't already paid her - £100.00 for distress and inconvenience.

### **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 W – insofar as it hasn't already paid her - £100.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask to accept or reject my decision before 11 January 2019.

Christopher Gilbert  
**ombudsman**

