

complaint

Mr and Mrs L's complaint is about the service provided by British Gas Insurance Limited in relation to a central heating insurance policy.

The parties will see that I've changed the 'respondent' from British Gas Services Limited to British Gas Insurance Limited. This is because we have no jurisdiction over British Gas Services Limited for a complaint about the handling of the insurance policy; it's only an *insurance intermediary*, not an insurer.

This is an important legal technicality but it does not affect the outcome of the case and as British Gas Services Limited responded to the complaint on behalf of British Gas Insurance Limited, there's no need for it to review the matter again or issue a further final response.

background

Mr and Mrs L made a claim on 25 September 2017, as their boiler was not working properly. I understand the heating would come on whenever the hot water was on, which they say meant the house was either freezing or extremely hot.

British Gas sent out an engineer who changed the motor. Mr and Mrs L say the repair was not effective and they called British Gas out again on 18 October 2017. An engineer attended the next day and changed a three-port valve but Mr and Mrs L says this didn't resolve the problem either.

Mr and Mrs L say the heating issue was finally fixed when they were having an electric shower fitted and the electrician saw that the wiring done by British Gas when changing the motor was not correct. He rectified this for them, which took only ten minutes, and the boiler has worked properly since then. They say he didn't charge them but they paid him £100 as a thank you.

Following this, Mr and Mrs L raised complaints about a number of issues, summarised briefly below:

- The annual boiler service included with the policy was not carried out properly in 2016, as the engineer refused to remove the boiler cover and was only in the property for a maximum of 20 minutes. He was a contractor and the job was rushed. He told Mr and Mrs L he wasn't allowed to remove the boiler cover, as it would ruin the gaskets.
- At the next service visit in 2017, another engineer took the boiler cover off and had to change a gasket seal as it had deteriorated. This caused concern as the boiler may have been leaking dangerous gases into the property since the 2016 service.
- British Gas said there was no risk to them, as the boiler is room sealed and there is therefore no chance of poisonous gases escaping into their home. If this is the case, why were they given a gas detector free of charge by way of compensation. If it is not necessary, they'd rather have the cash value instead (*i.e.* £29.99).
- They incurred additional heating bills during the period waiting for their boiler to be repaired in 2017. They have provided a copy of their bill for July 2017 to 2018, which shows an increase in usage of around 4,000 kWh (costing around £150).
- British Gas sent the next policy renewal documents to an old email address, provided to British Gas utility company years before, which meant they couldn't cancel the

policy within the usual 14 day cooling off period. British Gas didn't check the email address was still valid. They didn't want to renew with British Gas after their experience over this matter.

- They were unhappy that they could get the same policy online for a cheaper premium. They had the policy for around 23 years and were paying around £25 per month, when it was available to new customers on line for around £13 per month.

Mr and Mrs L have asked British Gas to pay for the loss of holiday days they had to book off work; reimburse their additional heating costs and the £100 they paid their contractor. They would also like the premium back for the 2018 policy, as they couldn't cancel the policy and the entire premiums back for the 2017 policy (save for an amount for the annual service i.e. £251.85) as they feel they have not received an adequate service. They put this at a total of around £1,140, not including compensation for the stress and inconvenience of the situation.

British Gas accepts that the 2016 boiler service was not carried out correctly and agreed to refund the cost of this (*i.e.* £79.30). It also provided a carbon monoxide detector free of charge. However, British Gas says that although the seals should have been checked at the 2016 service, the boiler was 'room sealed', which means that any harmful gases would be expelled through the flue and wouldn't leak into the room.

With regard to the repairs, British Gas says it carried out a service of the boiler on 26 September 2017. As it didn't hear from Mr and Mrs L between then and 19 October 2017, the boiler must have been working properly during that time. Its engineer would not have interfered with the wiring. He replaced a fan seal and gasket. The engineer went back out on 19 October 2017 and carried out work on a three port valve. British Gas says there's no evidence this wasn't correctly done.

With regard to the renewal of the policy, British Gas says all renewal documents used to be sent by post but before this renewal, it wrote to all customers telling them that it would no longer send policy documents by post, unless they objected.

British Gas says Mr and Mrs L didn't contact it to object and so the next renewal was sent by email to the address it had recorded for Mr and Mrs L. British Gas says that British Gas Services and British Gas Energy are part of the same company and the online account facility it provides covers both the gas supply and insurance. So the email address Mr and Mrs L registered for the gas account previously, was correctly used to send their renewal documents in 2018. It however, provided a pro rata refund from the date Mr and Mrs L confirmed they wanted to cancel the policy, *i.e.* 10 June 2018. I understand the refund was £8.28 and the premium paid before cancellation was around £25).

British Gas later offered a total of £146.56 to compensate for a delay in dealing with the complaint, the service visit in 2016 and a refund of the premium for the renewed policy.

One of our investigators looked into the matter. She didn't think British Gas had acted unreasonably in sending the renewal documents by email, as it had given Mr and Mrs L notice of this. She therefore didn't recommend that it refund any further premiums.

With regard to the repair, the investigator didn't think the repair had been carried out properly but also British Gas had not been given the chance to rectify it. She therefore didn't think

that British Gas needed to reimburse any extra heating costs but she recommended that British Gas pay £200 compensation, in addition to the £146.53 already offered.

British Gas doesn't accept the investigator's assessment. So Mr and Mrs L were not inconvenienced by this issue for long and any increased gas usage is not its responsibility. It was not called out again for this issue after October 2017. It carried out proper and timely repairs and so the compensation recommended it not justified. However, British Gas also says that if Mr and Mrs L can provide an invoice for the work done that they say rectified their boiler it will give it consideration.

Mr and Mrs L also don't agree with the investigator's assessment. They say the £200 she recommended is nowhere near enough to compensate them for the additional expenses they incurred and the loss of two days holiday. They say the motor replacement involved the wiring – how could an electric powerhead be replaced without touching any wiring? If replacing this had fixed the boiler, they would not have had to call British Gas out again, would not have cancelled the policy held for 20 years and brought this complaint. They have provided pictures of the wiring, which they say "*speaks for itself*" as it shows extra wiring loops that didn't need to be there; and wiring put in the wrong way round.

As the investigator was unable to resolve the matter, it has been passed to me.

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 agree with the investigator that additional compensation of £200 should be paid but for different reasons. I will explain why.

renewal

British Gas apparently wrote once to all customers to say they were going to automatically change them over to a paperless system for all important policy documents unless they contacted British Gas to object. Having not heard from Mr and Mrs L in response to this, it proceeded to send all their renewal documents to an old email address provided to British Gas for their gas bills.

I am not satisfied this is reasonable. I do not consider that one attempted contact is sufficient if requiring the customer to positively opt out of an existing arrangement – particularly when it is about important contractual documentation, such as the renewal of an insurance policy.

In addition, British Gas says the British Gas Services (which is an insurance administrator and British Gas the utility company are one and the same and so it was reasonable to use an email address provided in relation to a previous gas supply contract for insurance matters. This is not correct, the two are separate legal entities, so while linked, they are not the same and I can quite understand why Mr and Mrs L would not have expected this email to have been used for their insurance cover. (I expect there is something in the small print when they provided their contact details to British Gas utilities to say they could be used by other British Gas companies but this does not mean it is fair to do so in this situation and to only attempt one communication to change a renewal arrangement.)

I accept Mr and Mrs L's assertion that they would not have chosen to renew this policy, had they had the chance. Therefore, British Gas should reimburse any premiums taken for the year July 2018 to 2019. I am pleased to note that British Gas did subsequently agree to this.

annual services

British Gas agreed that the engineer should have done more during the 2016 service and it offered to refund £79.30 for this (which is how much it charges for a standalone service, whereas the cost of the service as part of their premium is £65). I think this is reasonable.

Mr and Mrs L also say that they may have been put at risk as the gasket and seals needed replacing in the 2017 service, as they had perished. They are concerned that this means they may have been at risk and these should have been checked in the 2016 annual service.

British Gas says that the type of boiler means that if the perished seals had allowed gases to escape they would still not have leaked into the room but would have gone out of the flue, so this would not have been immediately dangerous. Mr and Mrs L have questioned this as British Gas also provided them with a carbon monoxide detector.

While the boiler is room sealed, other seals around the boiler can deteriorate, so a detector is of use. But there is no evidence that they were at immediate risk from the seal that had to be replaced during the service in 2017. While I understand this would have caused some concern, as there has been no detriment to Mr and Mrs L, I do not consider that any further award is warranted over and above the reimbursement of the value of the annual service. I also don't think I can reasonably ask British Gas to give Mr and Mrs L the value of the detector instead.

pricing

Mr and Mrs L are also unhappy with that they are paying more for the policy, after being with British Gas for 23 years, than if they were to take a new policy out now. I understand that Mr and Mrs L were paying around £25 per month for their policy, and claims were subject to a £50 excess. The policy is advertised online to new customers at £13.20 per month, with no excess.

British Gas says it offers new customers introductory rates. The cost of the policy for existing customers is then adjusted based on various factors, including the age and make of their boiler.

It is not unusual for insurers to provide discounts to attract new customers and there is nothing inherently wrong in doing so.

Mr and Mrs L were notified of the premium before the policy renewed each year (except for the renewal in 2018, which was sent by email) and had a choice about whether to accept it or not.

repairs 2017

British Gas attended on 26 September 2017 and replaced the powerhead/motor, the boiler was also serviced and a gasket replaced. Mr and Mrs L say that the engineer told them at that visit that the three port valve was seized, and this was the cause of the problems with the heating and hot water, but he wasn't qualified to replace that and so he changed the motor instead.

Mr and Mrs L say this failed to resolve the problem which recurred immediately but they didn't contact British Gas again until 18 October 2017. British Gas went out again the next day and replaced the three port valve.

British Gas says this means it must have resolved the problem for that time. I am unable to be sure either way but in any case, because Mr and Mrs L didn't contact British Gas it didn't have the chance to repair it sooner. British Gas went out again promptly and carried out another repair, which Mr and Mrs L say also didn't work.

Mr and Mrs L say that the first contractor, rewired the motor incorrectly, which is why both repairs failed to resolve the problem. They have sent photos of the wiring, which they say "*speaks for itself*".

I am not an electrician, and as far as I'm aware neither are any of my ombudsmen colleagues. We hold various qualifications and have varied experience relevant to our remit, which is to determine the fair and reasonable outcome on individual complaints about financial products; in this case the provision of insurance. It is not within our remit to make our own diagnosis of any damage. Where there is a dispute we can look at the evidence provided by each party about such matters. In this case, British Gas says it would not have touched the wiring and its qualified gas engineers carried out repairs they deemed were appropriate and necessary.

Mr and Mrs L say this is illogical and the wiring was wrong. I can see from the photos provided that two coloured wires have been switched over between entering and exiting a connection box. But I can't tell whether any wiring loops are present which shouldn't be. And there is nothing conclusive to show that this would have been wiring carried out by British Gas. Mr and Mrs L had a contractor inspect this wiring and rectify it but he has not provided any evidence about it and there is no invoice or bill from him to say what he did. It's also not clear exactly when Mr and Mrs L's electrician fixed the problem. In one document it says 1 November 2017 but in other correspondence they've said a couple of weeks before they raised the complaint with British Gas in mid-2018.

Overall, there is simply not enough evidence to support that British Gas did anything wrong in the way it carried out the repairs. And even if there were, Mr and Mrs L didn't contact British Gas again and so it had no chance to rectify this. It had attended promptly to each call out, so while I appreciate they say they had lost faith and couldn't wait in again for a British Gas engineer, I am unable to conclude that British Gas is responsible for the time taken to resolve the problem with the heating, including the cost of any heating.

I do however accept, on the balance of probabilities, that they did need to get a further repair done, which would have been covered under the policy.

compensation

As stated, there is no convincing independent evidence that the repairs done by British Gas were not reasonable at the time. I do not therefore consider that Mr and Mrs L should be compensated for having to accommodate those repair visits (even if there were some documentary evidence of any related financial loss, which there isn't).

Mr and Mrs L say this didn't resolve the problem but did not go back to British Gas about this. I can understand that they might have been frustrated enough not to have told British

Gas that this repair was not successful but given they didn't tell British Gas and there is nothing in writing from their electrician, it is difficult for me to conclude that the actions taken by British Gas were incorrect or unreasonable. I do not therefore consider that it is responsible for all that followed, including any additional gas usage, as it was not given the chance to come back and resolve the issue.

I do not however have any reason to doubt that the issue was not permanently fixed at either the first or second attendance. If Mr and Mrs L had called British Gas out again, it would have covered any subsequent repair. While Mr and Mrs L were not apparently charged by their contractor for this (although they paid him as a thank you) I consider that some compensation is appropriate to reflect this.

Overall, I agree that the sum of £200 – in addition to the £146.53 already offered - is appropriate to compensate for having to have a further repair carried out; the 2016 annual service not being carried out properly and the worry this caused; not dealing with the renewal properly and the premium refund. It is not clear if the £146.53 has already been paid yet or not.

my final decision

I uphold this complaint against British Gas Insurance Limited and require it to:

- pay a total of £346.53 compensation for the distress and inconvenience caused by its handling of this claim and the policy. (This includes the £146.53 already offered.) If any part of this has already been paid, British Gas only needs to pay the remainder.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 4 July 2020.

Harriet McCarthy
ombudsman