

## **complaint**

Mrs W's complaint is about the cost of her home emergency insurance policy with British Gas Insurance Limited and the service provided to her.

## **background**

Mrs W has had an insurance policy with British Gas since it installed a new boiler for her in 2013.

Mrs W received the quote for the renewal of her policy for the policy year 2016 to 2017, which she thought was high. Mrs W contacted British Gas then and the price was reduced. When the policy was up for renewal again for the year 2017 to 2018, Mrs W contacted British Gas again, as she thought the premium was too high but this time it did not agree to reduce the premium. Mrs W says the increase is unreasonable, especially given the boiler is not that old. And when she tried to contact British Gas about it initially the online complaint form was not easy to use and timed her out; and her complaint was then sent to an obsolete email address. Mrs W says she received an email response 10 days later, which she says effectively dismissed her question and advised her how to do a web chat. British Gas has also failed to deal with her complaint properly, including not informing her of her referral rights after eight weeks and incorrectly closing the complaint.

British Gas accepted that the complaint was not handled as it should have been and that there was an error with its online complaint process. However, British Gas says its premium increases were fair. It offered £30 compensation for the handling of the complaint.

One of our adjudicators looked into the matter. She did not recommend that the complaint be upheld. The adjudicator was satisfied that British Gas had applied an increase to Mrs W's premium which was in line with other customers and was not unfair. The increase in the year 2017 to 2018 was more significant because it had agreed to a discounted premium the year before. The adjudicator was also satisfied that the offer of £30 British Gas made for the complaint handling errors was fair and reasonable in the circumstances.

Mrs W doesn't agree that this is reasonable. She says the £30 was for the mishandling of my complaint (closing it without investigation), not her poor online experience. Mrs W also says British Gas has not understood the severity of not notifying her that the premiums in 2017 to 2018 would be based on what I should have paid the year before without the discount and that she would not continue to get a similar discount. Mrs W also says that £30 is not enough for the inconvenience caused to her by the poor customer service and not treating her fairly by being clear and open regarding the impact of a discount, which meant she was unable to budget and plan for the increase.

As the adjudicator was unable to resolve the complaint, 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.

Insurers are generally entitled to decide the premium they want to charge for the insurance provided. And consumers are free to choose whether they are willing to pay that premium; obtain insurance elsewhere or not take the insurance at all. Normally insurers calculate a

base premium rate for a policy and then other factors they consider relevant to the risk being covered are applied, which might bring that base premium up or down. Different insurers apply different factors. I can't set out in detail the factors that British Gas consider relevant and apply to its policies, as these are commercially sensitive but I have considered the information it has provided.

I understand that Mrs W paid £242.22 for the policy for the year 2015 to 2016; £233.49 (following a discount of 20% -£58.37- after she called British Gas) for 2016 to 2017; and was asked to pay £281.39 for the year 2017 to 2018.

The base rate which applies to all customers increased in 2017 to 2018, more than in previous years. Other factors were then applied and there was a discount applied to Mrs W's account but this still resulted in an overall increase in the premium from the previous year, and the premium ended up being just under what the previous year's had been before British Gas agreed a further discount.

Mrs W had called and spoken to British Gas the year before, as she was unhappy with the renewal premium quoted to her at that time too. It agreed to offer a 20% discount and Mrs W agreed to renew. From the call it appears she was told that the discount would last until the next renewal. But even if this was not expressly said to her, I do not agree that this means British Gas has to provide a 20% discount (or any further discount) in any subsequent years. It agreed to a discount in order to retain Mrs W as a customer in that year but this was entirely discretionary. Having applied a discount in one year, it is not committed to doing so in any following years.

Overall, I am satisfied that Mrs W was treated fairly and in line with other customers; and I'm not persuaded that the premiums have been calculated unfairly or that British Gas needed to provide any further information to Mrs W, who was free to choose another policy elsewhere if she didn't accept the premium.

With regard to the handling of the complaint and the problems Mrs W experienced online, it was not unreasonable to expect the online complaint to have gone to the correct address. However, from what I can see it was automatically forwarded to the correct address and Mrs W received confirmation of this. So while it may have been annoying, no detriment was caused and she had confirmation that it was forwarded to an active email address at British Gas. I don't consider that additional compensation is warranted for this. British Gas did not handle the complaint as it should have done. This will have caused some frustration and inconvenience and I am satisfied that the £30 already offered is fair and reasonable to reflect this.

### **my final decision**

I do not uphold this complaint against British Gas Insurance Limited. The offer of £30 already made is reasonable in all the circumstances of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 4 August 2019.

Harriet McCarthy  
**ombudsman**

