

complaint

Mrs K complains that British Gas Insurance Limited unduly delayed paying an insurance claim made under her Home Care policy.

background

Mrs K held a Home Care policy with British Gas that covered her kitchen appliances against mechanical fault and breakdown. Mrs K contacted British Gas in August 2016 after her washing machine had broken down. They sent an engineer to her property to see if could be fixed, but it was deemed to be beyond repair.

As the washing machine was over three years old, Mrs K was told that her policy would cover 30% of the cost towards a replacement. The engineer said he would send his report to British Gas, and that she would then receive the 30% payment.

Mrs K says she contacted British Gas numerous times when it appeared the payment wasn't forthcoming, to which each time she was told that it was being dealt with and would be processed shortly. Almost five months later, Mrs K still hadn't received payment for her washing machine, at which point her tumble dryer also stopped working. She contacted British Gas again in December 2016 to report the broken tumble dryer and complain about the payment she was still waiting for. She was told that her tumble dryer would also need replacing, and that the 30% contribution would be processed.

Mrs K says she wrote to British Gas again in February 2017 to explain that she still hadn't received the payment for either of her broken appliances, but didn't receive a response. She also says that she contacted them on several occasions and was continually told that someone would be in contact with her. Meanwhile, Mrs K says she had to do all her washing in the launderette at a considerable expense to her, as she didn't have the means to replace her appliances without the 30% contribution.

British Gas say they sent the 30% payment for the washing machine and tumble dryer in January 2017. But Mrs K says she never received this, and British Gas have confirmed it wasn't cashed in. After Mrs K wrote to British Gas in June 2017 to say she still hadn't received payment, they offered to increase their contribution to 50% for each appliance, and also offered to pay £250 as a gesture of goodwill.

Mrs K rejected the offer made by British Gas, as she was looking for them to make a payment of £3,010 towards her laundry costs, and £650 for the inconvenience caused – as well as the claim payment.

Our investigator agreed that British Gas had fallen short in their handling of Mrs K's claim, but felt that £500 would be a more appropriate award in the circumstances, along with their payment of 50% replacement costs. British Gas offered to pay a further £100 only, which Mrs K declined, so the complaint 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. Having done so, I've decided to uphold Mrs K's complaint. The key issue here comes down to whether British Gas settled Mrs K's

insurance claim within a reasonable time, and if they didn't, whether any delays were avoidable.

Mrs K made her initial claim for the washing machine in August 2016. By the time her tumble dryer had also stopped working, she had been without a washing machine for almost five months, having still not received the pay-out from her claim. British Gas say that this delay was in part due to the information not being passed on to them by the engineer. But I can see that they became aware of this in October 2016 after being chased by Mrs K for payment.

Despite being made aware of the potential reasons for delay in October 2016, it wasn't until January 2017 that British Gas say they first sent the payment for both broken appliances. But Mrs K says that she never received this payment. It isn't clear why, but given that it was never cashed, and given the urgent need she had for replacement appliances, I'm satisfied the payment did not reach her.

It then wasn't until July 2017 – almost a year after the washing machine initially broke down, and over six months since the tumble dryer was reported – that British Gas eventually sent the payment to Mrs K. This was despite being chased on various occasions.

Considering the length of time it took to get the payment to Mrs K, along with the various occasions in which she chased it, I don't think British Gas settled her claim within a reasonable timeframe. And given that they knew of the initial reason for the delay in October 2016, I think the delay was entirely avoidable.

I appreciate that the payment sent in January 2017 went missing – and that this may not have been due to the actions of British Gas – but it seems they had various opportunities to identify and rectify this whenever Mrs K got in contact with them to chase her claim, as it would've been clear that she hadn't received the payment. But it wasn't picked up until she complained in June 2017 so, again, I think this delay was avoidable.

It was also in October 2016 that Mrs K made British Gas aware of a particular vulnerability regarding her circumstances that made her need for washing appliances all the more urgent. Yet it still took almost a year for her to receive payment.

Mrs K has explained how the delay caused her considerable trouble and expense, as she often had to do large amounts of washing that she would have to transport by taxi to the launderette, as well as arranging care for dependants at home. Taking into account Mrs K's circumstances, I think this would've been extremely inconvenient and distressing to do this for up to a year.

Nevertheless, the victim of wrongdoing still has some obligation to mitigate their loss if possible; they can't just allow the losses to carry on and then expect the wrongdoer to pay for this. So I don't think it would be reasonable to expect British Gas to reimburse laundry costs that run into the thousands – or £3,010 to be exact – as I don't think a laundry bill of this magnitude would've been a reasonably foreseeable loss.

Mrs K has confirmed that she has now received her claim payments, which were increased to 50% of the replacement costs. British Gas have also sent Mrs K a cheque for £250 as a gesture of goodwill. But for the reasons given above, I think a total award of £500 (including the £250 already sent) for the trouble and upset – and as some contribution towards reasonable launderette costs – is appropriate in the circumstances.

my final decision

For the reasons I have set out above, I uphold Mrs K's complaint.

British Gas Insurance Limited should pay Mrs K an additional £250 – on top of the £250 already sent to her – within 28 days of receiving her acceptance, failing which interest will accrue on that sum at the simple rate of 8% a year until it is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 20 March 2018.

Jack Ferris
ombudsman