

## **complaint**

Mrs A complains that British Gas Insurance Limited did not identify sooner a design fault in her central heating which led to her boiler needing to be replaced.

## **background**

I issued a provisional decision on this case in July 2015, an extract from which is copied below:

*“Mrs A took out a HomeCare care agreement provided by British Gas Services Limited in 2007. In August 2010 her agreement was changed to a HomeCare cover insurance policy underwritten by British Gas Insurance Limited.*

*Both agreements provide for a service to be carried out annually on the heating system and British Gas reports it carried out the first service on 15 August 2007 finding that the boiler was suitable for the HomeCare agreement.*

*Mrs A experienced a number of faults with her central heating system that required British Gas’ attendance. These attendances included the following:*

- *14 May 2011: a fault was found with the auto air vent and pressure relief valve requiring the replacement of these parts.*
- *24 June 2011: the boiler was reported as leaking and required a new combustion door to be fitted.*
- *4 July 2011: a problem with the hot water supply was traced to a fault with a printed circuit board which needed to be replaced.*
- *26 September 2011: the boiler was reported as leaking when the central heating was on. This fault was later traced to the heat exchanger and the cause diagnosed as an incompatibility between the boiler and soft water being supplied into the property.*

*British Gas recommended that the boiler be replaced because of its incompatibility with soft water. Mrs A declined a quote provided to her by British Gas for a replacement boiler and raised a complaint.*

*In response to the complaint British Gas offered to supply a new heat exchanger for free, but to charge for the cost of labour to fit it. This offer was conditional on acceptance of British Gas not agreeing to cover any further repairs under the HomeCare agreement. Mrs A declined the offer and instead chose to have the boiler replaced privately.*

*Our adjudicator found that the complaint should succeed in part. He found that because the boiler was repairable, British Gas should pay Mrs A what it would have cost it to replace the heat exchanger, in addition to £150 in recognition of its handling of the matter. He did not agree it would be reasonable to ask British Gas to pay the cost of the replacement boiler.*

*British Gas did not agree with the adjudicator’s recommendation. British Gas says the terms and conditions of Mrs A’s agreement would not make it responsible for any design faults that existed prior to the agreement or for the cost of replacing the heat exchanger.*

### **my provisional findings**

*Our jurisdiction to consider complaints is set out in the Financial Conduct Authority's Dispute Resolution (DISP) Rules. These say, amongst other things, that we can only consider complaints about 'authorised persons'.*

*Prior to 6 August 2009, neither British Gas Services Limited nor British Gas Insurance Limited were regulated and were therefore not 'authorised persons'. This means we have no power to consider any aspect of Mrs A's complaint about events which happened before 6 August 2009.*

*I can however consider the events that took place from this date onwards.*

*The terms and conditions of Mrs A's HomeCare agreement state:*

*"We will not be responsible for the cost of repairs or gaining access to make repairs where there are design faults (unless we are responsible for the design faults)"*

*British Gas concluded that the softness of the water supplying Mrs A's boiler had caused the heat exchanger to fail and would likely cause any replacement heat exchanger to fail in the future. I would agree on the evidence available to me that the failure of the heat exchanger could reasonably be regarded as being caused by a design fault.*

*However, once it became known that water softness had caused the fault with the heat exchanger I believe the reasonable expectation would have been for British Gas to have carried out a repair.*

*I say this because although the incompatibility of the water softener at the property with the boiler may have been a design fault, it is not reasonable to expect this incompatibility to have been known to Mrs A before entering into the agreement.*

*British Gas appears to have had a number of opportunities to identify this design fault during the services and repairs it carried out but because it didn't, and because I can't expect Mrs A to have known about it, I think it's reasonable to expect British Gas to honour the policy and pay to Mrs A what it would have cost it to replace and fit a new heat exchanger.*

*I don't agree that British Gas should contribute towards the cost of the replacement boiler as the terms of Mrs A's HomeCare agreement would not allow for this and the need for the boiler to be replaced was not caused by British Gas.*

*In the circumstances it also seems appropriate for some compensation to be paid for the general handling of the claim and delays in some of the attendances. I agree with the adjudicator's recommendation of £150 towards this aspect of the complaint.*

### **my provisional decision**

*My provisional decision is that I uphold this complaint in part and order British Gas Insurance Limited to pay Mrs A the cost of replacing and fitting a new heat exchanger in addition to £150 in recognition of the inconvenience caused through its handling of the matter."*

### **developments**

Mrs A has responded to my provisional decision, providing evidence that says that softened mains water can be used, provided a corrosion inhibitor is installed. The information provided says, among other things that using softened water “would appear to present no significantly greater risk of corrosion...than filling [the heating system] with hard mains water”. In addition, she says that British Gas hasn’t proven that the failure of her heat exchanger was due to the use of softened water.

Mrs A therefore says that it is incorrect to say that the use of softened water was a design fault.

British Gas has also responded. It hasn’t made any further comments but has said that the cost it would have paid to replace the heat exchanger would have been £106.18.

### **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 have considered the further information provided by Mrs A and can see that there is an argument that the use of softened water, in itself, would not be a design fault as such (although, as far as I know there was no inhibitor installed in her boiler). I also note that she says it hasn’t proved that the failure of the heat exchanger was as a direct result of the soft water. However, as I have decided that British Gas should have replaced the heat exchanger anyway, I don’t think I have to consider this issue (whether it was a design fault or not) any further.

I decided that British Gas should pay the cost it would have incurred in replacing the heat exchanger and I remain of the opinion that it should do so, together with a payment of compensation.

### **my final decision**

I uphold this complaint in part and order British Gas Insurance Limited to pay Mrs A the cost of replacing and fitting a new heat exchanger in addition to £150 in recognition of the inconvenience caused by its handling of the matter.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs A to accept or reject my decision before 26 October 2015.

Harriet McCarthy  
**ombudsman**