

complaint

Mr B complains that British Gas Insurance Limited is responsible for poor service in connection with his home emergency insurance policy.

background

The Financial Ombudsman Service deals with consumer complaints about regulated activities and ancillary activities carried out by insurance companies and other regulated financial firms.

Where I refer to British Gas I refer to the insurance company of that name and I include its associated plumbing and drainage company and others insofar as I hold that insurance company responsible for their actions.

Mr B has an upstairs flat. He called British Gas for help with a leak of water into the flat below. In June 2018 British Gas said someone had installed his toilet poorly so the policy didn't cover the repair. British Gas replaced the pipework as a chargeable repair for £136.00. But there was still a leak.

After three or four further visits, Mr B complained that there was still a leak. He engaged a third party to fix the issue. The third party completed the job and invoiced Mr B's wife £2,376.00 including VAT.

In January 2019 British Gas sent Mr B a cheque. It was for £576.00 towards the third party's invoice and an extra £50.00, a total of £626.00.

In a final response dated 15 February 2019 British Gas said it was sending Mr B a cheque for a further £60.00.

Unhappy with that response, Mr B brought his complaint to us in March 2019. He complained that British Gas should refund the £136.00 for work that was not required. He also complained that British Gas had only reimbursed part of the third party's invoice and declined to give details of its figure.

British Gas submitted that part of the complaint wasn't within our jurisdiction. In November 2019, our investigator decided that the complaint was within our jurisdiction. In February 2020, British Gas agreed that the complaint falls within our jurisdiction.

On 13 February 2020, British Gas said the following:

"...confirm that we should make good the access made to repair the pipework, this doesn't include redecoration costs."

our investigator's opinion

Our investigator recommended that the complaint should be upheld in part. He didn't recommend that British Gas should refund the £136.00. He said that the third party had broken down its invoice as follows:

Trace and access	£456.00
Repairs	£576.00
Reinstatement	£528.00

Sub-total	£1,560.00
Redecoration	£816.00
Total	£2,376.00

The investigator thought that – apart from the redecoration costs – the policy covered the above costs. He recommended that British Gas should:

1. reimburse Mr B the third party costs he incurred less the redecoration costs. This is a total of £1,560.00 which works out as £984.00 on top of the £576.00 Mr B has already been offered.
2. pay Mr B an additional £100.00 on top of the £60.00 he has already been offered for the distress and inconvenience caused.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr B and to British Gas on 21 April 2020. I summarise my findings:

Mr B and British Gas are now agreed that – in relation to the third party's invoice – it should refund him not just £576.00 but a further £984.00, a total of £1,560.00.

Mr B or his wife have been out of pocket since about 15 October 2018. But I consider that he could've paid in the British Gas cheque dated about 9 January 2019. So I find it fair and reasonable to direct British Gas to pay interest at our usual rate on the balance of £984.00.

£200.00 is fair and reasonable compensation for distress and inconvenience.

Subject to any further information from Mr B or from British Gas, my provisional decision was that I was minded to uphold this complaint in part. I intended to direct British Gas Insurance Limited to pay Mr B the following sums insofar as it hasn't already paid him:

1. £1,560.00 for the third party's invoice; and
2. simple interest on £984.00 at a yearly rate of 8% from 15 October 2018 to the date of payment. If British Gas considers that HM Revenue and Customs requires it to withhold income tax from that interest, it must tell Mr B how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate ; and
3. £200.00 for distress and inconvenience.

Mr B accepts the provisional decision. He asks for British Gas to provide a cheque or transfer for the full amount as the previous uncashed cheques have expired.

British Gas has not responded to the provisional decision.

my findings

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

Pipes are often covered by surfaces such as walls and floors. The British Gas policy covered making access through such surfaces – with the agreement of the policyholder. The policy covered repairing pipes and “making good” – but not replacing finishes such as tiles or decoration. Making access and making good were together subject to a financial limit of £1,000.00.

The policy didn’t cover repairs to pipes or systems that hadn’t been correctly installed.

Mr B accepted the investigator’s opinion. I think he now accepts that British Gas correctly told him that his toilet hadn’t been correctly piped and needed to be re-piped. So I don’t find it fair to direct British Gas to refund its charge of £136.00.

After that re-piping, there was still a leak. But British Gas said that this was a second and separate leak. It replaced an air admittance valve on 15 June. I think that would be to allow air into the toilet waste pipe.

After that there was still a leak. And British Gas visited again in July 2018.

In about October 2018 Mr B engaged the third party. The third party’s report described the job as complicated. It involved making access from the flat below to fix a leaking hot water pipe.

I can understand Mr B’s frustration. But I haven’t seen enough technical evidence to show that British Gas should reasonably have found and fixed that leak – with or without access from the flat below.

Mr B and British Gas are now agreed that – in relation to the third party’s invoice – it should refund him not just £576.00 but a further £984.00, a total of £1,560.00.

Mr B or his wife have been out of pocket since about 15 October 2018. But I consider that he could’ve paid in the British Gas cheque dated about 9 January 2019. So I find it fair and reasonable to direct British Gas to pay interest at our usual rate on the balance of £984.00.

I don’t think that – until recently - British Gas dealt fairly with Mr B’s claim for reimbursement of the third party’s invoice. I don’t doubt that this caused him some extra distress and inconvenience at an already difficult time for him.

Some of this distress and inconvenience is to do with being out of pocket – for which interest is compensation. I consider that, in addition, £200.00 is fair and reasonable compensation for distress and inconvenience.

British Gas has sent a cheque for £576.00 plus £50.00 (total £626.00) and a further cheque for £60.00. It has offered to cancel and re-issue those cheques.

Overall I’m minded to find it fair and reasonable to direct British Gas to pay Mr B the following sums insofar as it hasn’t already paid him:

1. £1,560.00 for the third party’s invoice; and
2. simple interest on £984.00 as set out below; and

3. £200.00 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 Mr B the following sums insofar as it hasn't already paid him:

1. £1,560.00 for the third party's invoice; and
2. simple interest on £984.00 at a yearly rate of 8% from 15 October 2018 to the date of payment. If British Gas considers that HM Revenue and Customs requires it to withhold income tax from that interest, it must tell Mr B how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate ; and
3. £200.00 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 June 2020.

Christopher Gilbert
ombudsman