

complaint

Mr L is unhappy with the insurance policy provided to him by British Gas Insurance Limited.

background

I issued a provisional decision on this matter in October 2017, part of which is copied below:

"Mr L had cover for his central heating and boiler with British Gas. In 2013, he had a new boiler installed. He told British Gas about this and says that, as the boiler came with a manufacturer's guarantee, British Gas told him it would reduce the cover he was on from 'HomeCare 200 Cover' to 'Boiler Retention Cover', which would cost him £147 for the year 1 March 2014 - 28 February 2015. Mr L says he was told this would cover the other parts of his central heating system but not the boiler; and that British Gas told him it wouldn't be able to repair his boiler without invalidating his guarantee anyway.

The policy automatically renewed the following two policy years. Mr L was charged £307.70 for the year 1 March 2015 - 28 February 2016, and £313.34 for the year March 2016 - 28 Feb 2017.

Mr L queried the price in 2017 and British Gas agreed to reduce the premium to £228 and it was then that he noticed that he was shown as still having his old boiler. He therefore thinks he has been overcharged for the two years since 2015 by £361.78, based on the difference between the 'boiler retention policy premium and the premiums he was charged for the following two years.

British Gas accepted that it had the wrong boiler recorded but said that's only one factor in determining the price of the policy. It also says that the policy issued in March 2014 was a Homecare 200 policy, which provided the same cover including for the boiler but it was offered at a reduced premium of £147, to reflect the fact the boiler was new and under warranty for the year; and so Mr L has had a Homecare 200 policy throughout.

However, it agreed to refund some of the premium charged because it had noted the wrong boiler, as a goodwill gesture. It's offered the difference between the new customer price for the Homecare 200 and what Mr L was charged in relation to the period 1 March 2015 - 28 February 2016 and 1 March 2016 - 28 Feb 2017. This comes to a total of £165.04 (being £307.70 less £228 for the year 2015-2016 and £313.34 less £228 for the year 2016-2017).

One of our adjudicators looked into the case. He thought it wasn't fair for British Gas to charge Mr L for the Homecare 200 policy at all while his boiler was still within the warranty period. As it had sold him the 'boiler retention' policy in 2014, it was reasonable for him to have assumed that he was getting a like-for-like policy at each renewal after that; and Mr L wasn't given adequate information for him to make an informed choice about the policy. Mr L was entitled to assume British Gas would provide the most appropriate cover for him.

The adjudicator therefore recommended that British Gas refund Mr L the difference between the annual boiler retention premium of £147 and all HomeCare 200 premiums he subsequently paid, together with interest; and pay the sum of £75 in recognition of the avoidable inconvenience this matter has caused him.

British Gas doesn't accept the adjudicator's assessment. It says the reduced premium is only usually offered or a year and in 2015 it decided not to offer this at all. Mr L was provided

with the premium information for the year 2015 to 2016 and again the following year. He had the opportunity therefore to raise any queries and decide if he wanted the policy at that price. Mr L was aware he had cover for his boiler during this time, as it was clearly set out in the policy documents and it was contacting him about having the boiler serviced. Mr L did have continuing cover on a like-for-like basis as he had Homecare 200 cover throughout; the policy sold in 2014 was Homecare 200 but just at a much cheaper price to reflect that the boiler was unlikely to develop any faults that needed to be dealt with under the insurance.

As the matter hasn't been resolved, it's been passed to me.

my provisional findings

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

Those selling insurance have a responsibility to provide clear information about the cover being provided, the cost and any significant terms or conditions. The information provided to the buyer must put them in a position to make an informed decision about whether or not to take the policy.

So I need to consider what should have been provided to Mr L and what he would have done, had he known his cover was continuing on the same basis and his boiler was covered all along.

There does seem to be some uncertainty in 2014 on the part of British Gas. Its note of the call when this was discussed says Mr L was put on reduced cover. However, the policy documents produced to him don't reflect that and British Gas says there was no reduction in cover but a reduction in premium, to reflect the fact the boiler was unlikely to lead to a claim during that year. The levels of cover normally offered by British Gas, don't include an option that doesn't include the boiler. There was no indication in any of those documents that it was a 'boiler retention policy'.

Mr L's policy appears to have stayed the same as it always was but he received a substantial discount which brought the price down to £147 for that year. But I'm satisfied he had Homecare 200 as the certificate issued to him in 2014 says:

So while this policy covered the boiler when Mr L had been led to think it didn't, I can't say that this was 'mis-sold'. The following two years the policy was renewed on the same cover. Renewal letters with the renewal prices and the level of cover were sent out to Mr L in advance each year. Those documents set out the cover clearly in the same way as the extract above. They also made clear what the price for each year was.

As mentioned, British Gas doesn't offer any policies that don't include cover for the boiler. And an annual service of the boiler is also always included. While a boiler that's still under warrant is less likely to lead to a claim, it is possible the policy would be needed for things that would happen to the boiler that aren't covered under the warranty. I don't therefore agree with the investigator that this policy was entirely unsuitable for Mr L and that therefore it shouldn't have been offered to him. I think the information about what the policy covered and the price for that was set out sufficiently clearly each year and Mr L was therefore able to make an informed decision whether to take it or not. Mr L clearly wanted a policy with British Gas still and there was no other policy (other than one with more cover than this one)

that it could have offered him. Therefore I think it's likely he would have still gone ahead even if he had realised this wasn't what was previously described as the 'boiler retention cover'. I've seen no other evidence that he queried this cover or the price until 2017.

As I think Mr L would still have taken the policies in 2015 and 2016, I don't think that he has been put in any different position than he would have been in, had British Gas not told him the 2014 policy didn't cover his boiler. In any event, British Gas has already agreed to reduce the premium for the last two years considerably. I think its offer in the circumstances is reasonable.

my provisional decision

I don't intend to uphold this complaint against British Gas Insurance Limited, as I consider it has already made a reasonable offer to settle the complaint."

responses to my provisional decision

I invited both parties to respond to my provisional decision with any further comments or information.

British Gas has confirmed it accepts my provisional decision and has nothing further to add.

Mr L doesn't accept my provisional decision. He says it's a "disgrace and affords me no respect or confidence in the system offered to an individual citizen". He asks "how often does the ombudsman actually come down on the side of the little man (me), and why do those companies such as BG [British Gas] need extra help from the ombudsman, in ripping off their loyal customers of long standing?"

Mr L has also made the following points:

- Perhaps he should have read the correspondence from British Gas more carefully but it appeared to be clearly understood that should anyone other than the warranty provider, touching or servicing this boiler would automatically null and void the warranty.
- He explained this to British Gas over the phone and was told the cover would be for the central heating system only and they would not touch the boiler.
- A service visit automatically includes boiler servicing, which he was already covered for under the warranty.
- The fact British Gas has refunded the amount it has, proves it failed to inform him of all his options. It's an admission of guilt and British Gas now operating a damage limitation exercise – paying out a little in the hope that he will go away or that we will "support the Giant that can afford the best expert legal advice."

my findings

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

I can understand it's disappointing for Mr L to have a decision not upholding his complaint, especially after having received an assessment from one of our adjudicators recommending that it should be upheld. However, this service has two stages. Normally the first stage of the process is dealt with by an adjudicator who gives an initial view of the complaint and makes

recommendations about the outcome. However, either party is entitled to appeal any such view given by the adjudicator and ask for an ombudsman's decision. An ombudsman's decision is binding – if accepted by the complainant – and is the final answer and end of our consideration.

There were only two options for Mr L – he could take the policy that was offered or he could have taken no policy. British Gas didn't offer a policy that only covered the other parts of the central heating system and not the boiler. He clearly wanted to continue the cover for the rest of the house. Therefore I think he would still have taken the policy he did at each renewal, even if he had known that it also covered the boiler. He did know how much he was being charged each year but he thought what he was paying was in return for less cover than he was actually getting. So while British Gas could have been clearer about the cover being provided, when he first spoke to it about the new boiler, I don't think that Mr L took any action in reliance on this, that he wouldn't otherwise have taken (ie he'd have still taken the policies).

British Gas has also refunded to Mr L part payment for the last two policy years (being the difference between the amount he was charged and the amount it would have charged a new customer, which it says it's the cheapest it could offer the policy at). Mr L says this is an admission of guilt. But, as I've said Mr L wanted the policies and he couldn't have got them any cheaper than this. I don't consider therefore that it would be reasonable to ask British Gas to make any further payment to Mr L.

my final decision

I don't uphold this complaint against British Gas Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 December 2017.

Harriet McCarthy
ombudsman