

complaint

The complaint relates to the service provided by British Gas Insurance Limited in relation to a 'Homecare' central heating insurance policy.

background

I issued a provisional decision in this matter in June 2015, an extract from which is copied below:

"Mr B has held his policy for a number of years. Among other things, it covers an annual service of the boiler. In March 2014, an engineer came out to do the annual service. However, he apparently told Mr B that he wouldn't touch the boiler; it wasn't working properly and needed to be replaced; he was going to turn the gas off; refused to service it and then "stormed out".

Mr B wasn't happy about this. He says the engineer was aggressive and intimidating from the start. The boiler is old but has always, and continues to work, fine. As British Gas didn't do the service – even though it's part of his policy cover – he had a private engineer out who serviced it and confirmed it was safe and operating correctly.

Mr B also considers that his policy was mis-sold to him each year when it renewed, as British Gas should have known that parts for his boiler were obsolete and that it couldn't therefore carry out the service or any repairs on it. Mr B has also made a number of other submissions, in his original complaint and in response to the adjudicator, including:

- *The engineer told him that there hadn't been parts available for his boiler for 20 years and therefore each renewal document sent to him by British Gas, which says it will repair any fault, is at best misleading, at worst "fraudulent". British Gas sold him a policy knowing they couldn't fulfil its part of the bargain.*
- *Without cover for the boiler the policy isn't much use to him – the fact he's had annual inspections on the boiler doesn't mean it wasn't mis-sold.*
- *The annual services carried out by British Gas over the last few years haven't been in compliance with the manufacturer's instructions, for example it doesn't strip down the boiler and clean the parts.*
- *He's been told that the engineers receive bonuses for selling new systems, even if the existing system is working efficiently, and feels that this is what happened in his case.*
- *His boiler is old and may not be as efficient as some modern systems but it works properly and is safe, therefore it's up to him whether he replaces it or not. British Gas agreed to cover it.*
- *When he complained, the manager was also aggressive and he was told that if he cancelled the contract he wouldn't be able to refer his complaint to us.*

Mr B wants us to ensure that British Gas is able to comply with the contracts it sells "or be forced to inform customers that they cannot issue such a contract as soon as they are aware that the parts are not available". He also wants to ensure its engineers are fully trained (as many of them weren't familiar with his type of boiler) and to compensate him for the years that his policy was mis-sold.

British Gas agreed that there had been some poor service and said it had dealt with it internally – apparently it told Mr B that it had received other complaints about the same

engineer – and paid Mr B £50 compensation for this. However, it doesn't accept that the policy shouldn't have been sold and/or renewed.

One of our adjudicators looked in to the case. She didn't think that it should be upheld, as British Gas' file showed that he would have been told that no parts would be available for his boiler therefore she didn't believe he had been misled. The adjudicator also felt that the payment of £50 was fair and reasonable in relation to the service Mr B received. Mr B didn't accept the adjudicator's opinion and so the case has been referred to me.

my provisional findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

British Gas told Mr B that his boiler had failed and needed to be turned off immediately and be replaced. However, it appears that this wasn't correct. Therefore it seems that British Gas put him into a situation where he may have felt compelled to replace – at substantial cost and unnecessarily – his boiler. This was clearly unprofessional and I can see that it would have been intimidating.

Although British Gas accepted that the engineer's behaviour was unacceptable, it doesn't seem to have properly addressed the underlying issue, that Mr B was being pressured into replacing a working boiler.

In addition, Mr B had a private engineer service the boiler, even though he had already paid for this as part of his contract with British Gas. I know that British Gas offered to come out again and service the boiler but I can understand why Mr B refused this offer, given his experience.

It seems to me therefore that he should be reimbursed this cost, together with interest at our usual rate. I don't know how much this cost Mr B but he can provide evidence of the cost in response to this provisional decision.

I also note that Mr B has said he was told that he couldn't cancel his contract with British Gas and pursue his complaint here. This is wrong. It wasn't put in writing to Mr B but I have no real reason to doubt what he has said about this – it does seem to me that he would probably have wanted to cancel this policy, given his experience, and having discovered that British Gas was less likely to be able to complete any future repairs needed. Therefore, if Mr B hasn't already, I confirm he can cancel with effect from the date of the appointment in March 2014, and British Gas should refund any premiums paid since then. Again, interest at our usual rate should be added to the refund.

With regard to the fact the policy has renewed for several years, when parts for Mr B's boiler are now obsolete, I'm not convinced that this means it was effectively mis-sold every year. I can see that the policy may have been of decreasing value to Mr B with each year, as fewer spare parts for his boiler were available. However, some repairs would be possible without new parts and the policy does also cover other parts of the central heating system. In addition, it appears that British Gas did replace the pump in 2010. The policy therefore wasn't entirely unsuitable anymore.

I do agree, however, that it would have been preferable for Mr B to have been told that parts would be difficult to get. Although some notes on British Gas' file record that he was told,

I haven't seen anything in writing to him. However, I have no power to order British Gas to notify its customers of this. I can only deal with Mr B's individual complaint and I can't therefore order British Gas to change any general practices – or order any specific training for its engineers – but we hope that it and other businesses take note of decisions made against them.

Finally, as well as the refunds that I think should be made, as outlined above, I consider that an award of compensation is warranted for the distress and trouble caused by the engineer's behaviour in March 2014 and the handling of the complaint. Having taken everything into account, the sum of £250 seems to me to be appropriate.

my provisional decision

I intend to uphold this complaint against British Gas Insurance Limited and require it to:

- *Reimburse the cost of Mr B's private engineer on production of suitable proof of the cost, together with interest at 8% simple per annum from the date he paid the invoice to the date of reimbursement.*
- *If Mr B wishes, and he hasn't done so already, confirm that the policy is cancelled with effect from March 2014, and reimburse any premiums paid since then, together with interest at 8% simple per annum from the date each premium was paid to the date of reimbursement.*
- *Pay the sum of £250 compensation for the distress and trouble caused by its engineer, the failure to carry out the annual service and the handling of the complaint."*

developments

I invited both parties to provide any comments or further information they wanted to have considered in response to my provisional decision.

Mr B provided a copy of the invoice for the annual service, showing he paid £75 for this and that the boiler was working safely and properly.

He says that he paid a further seven months' premiums of £21.61 by direct debit until the end of that policy year in October 2014, after he told British Gas that he wanted to cancel the cover but was told he couldn't while his complaint was outstanding. He didn't renew the contract but was still sent a renewal notice stating "that over the last twelve months you had the reassurance of knowing we'd be there if you needed us and we'd help keep things running safely and efficiently for you". He also received a letter in response to his cancellation saying that it would get in touch with him to try and resolve matters but it never did.

Mr B also says that he is disappointed that British Gas can issue contracts knowing that they are unable to fulfil that contract to repair a boiler and that their engineers are not sufficiently qualified to carry out a service to ensure the efficient running of a boiler.

British Gas also responded. It asked for a copy of the invoice Mr B had provided, and having considered it confirmed that it had no further comments to make.

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 remain of the opinion that British Gas should reimburse the cost of the boiler service that Mr B had to pay for because it failed to fulfil this obligation under the terms of the policy he held with it. And that British Gas should refund the premiums Mr B paid from March 2014 onwards, as I'm satisfied he would have cancelled the policy then, if British Gas hadn't told him he couldn't if he wanted to make a complaint.

I can understand Mr B's disappointment that I'm unable to do anything about British Gas selling cover that it's unlikely it can actually provide; the way the services are carried out or the standard of its engineers. I have explained why this is but as I said in my provisional decision, we hope that businesses take note of the decisions we make on individual cases. I can also understand any frustration he felt at receiving the correspondence referred to above, after British Gas knew he was unhappy and had cancelled the policy.

Neither party has made any comment on the compensation I provisionally proposed, so I see no reason to change my mind about this and consider that the sum of £250 is appropriate to reflect the inconvenience and upset caused by British Gas' engineer and its handling of the complaint.

my final decision

I uphold this complaint against British Gas Insurance Limited and require it to:

- Reimburse the cost of Mr B's private engineer (i.e. £75), together with interest at 8% simple per annum from the date he paid the invoice to the date of reimbursement.
- Refund the premiums Mr B paid from March 2014, together with interest at 8% simple per annum from the date each premium was paid to the date of reimbursement.
- Pay the sum of £250 compensation for the distress and trouble caused by its engineer, the failure to carry out the annual service and the handling of the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 October 2015.

Harriet McCarthy
ombudsman.