

complaint

Mr M complains that British Gas Insurance Limited automatically renewed (and took payments for) his home care insurance policy.

background

In late 2011, Mr M took out British Gas insurance for his property. In January 2012 he moved from that property and later let it to tenants. British Gas automatically renewed his policy and continued to take regular payments from his account. Mr M complained that British Gas should refund his payments since January 2012, not just his payments since the last renewal in late 2014.

The adjudicator recommended that the complaint should be upheld in part. He thought that British Gas hadn't refunded enough. The adjudicator recommended that British Gas should:

1. refund Mr M the policy premiums he'd paid since January 2013;
2. add simple interest at 8% per year from that date to the date it pays him.

British Gas disagrees with the adjudicator's opinion. It says, in summary, that Mr M didn't say he wanted to cancel the policy – so it renewed it in line with the policy terms. It has refunded his payments since the last renewal, but it shouldn't have to refund any more, British Gas says.

my findings

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

Mr M's recollection is that – when he moved - he contacted British Gas to cancel the policy. But he hasn't provided details from a telephone bill.

British Gas has no record of contact with Mr M until six months after he left the property. Its file note says Mr M rang to confirm the level of cover. It hasn't been able to provide the call recording.

on balance, I'm not satisfied that Mr M asked to cancel his policy – or even told British Gas he'd moved. It continued to use his old address.

British Gas renewed cover in late 2012. This was in line with the terms of the policy, and I don't think it was unfair.

I have seen the documents issued by another provider for a landlord's home emergency insurance policy from January 2013. I have no reason to doubt Mr M's statement that this covered his old property.

British Gas renewed the insurance on his old property again in late 2013 and 2014. Again this was in line with the terms of the policy, and I don't think it was unfair.

In June 2015, Mr M realised he was still paying for the British Gas insurance on his old property. He contacted British Gas to cancel it. British Gas cancelled it with effect from the renewal in late 2014 - and refunded the instalments of about £290 he'd paid since then.

But – from the documents issued by the other provider in January 2013 – I'm satisfied that Mr M was "double-insured" from that time and when British Gas renewed his policy later that year. And Mr M hadn't made a claim on the British Gas insurance or received an annual inspection visit. So I think it's fair and reasonable for British Gas to refund the instalments he paid it for the period after January 2013. He will not then have had to pay for cover which he didn't benefit from.

I will also order British Gas to add interest at our usual rate.

I don't doubt that – by dealing with his complaint in a way I've found unfair – British Gas caused Mr M some upset and put him to some trouble. But I don't think this was at a level which calls for a separate order for compensation.

my final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I order British Gas Insurance Limited to:

1. refund each of Mr M's payments for the insurance on his old property in respect of the period from 7 January 2013 to October 2014;
2. add simple interest on each such payment at a yearly rate of 8% from the date of payment to the date of refund. If it decides it has to deduct tax from the interest element of my order, it shall send Mr M a tax deduction certificate when it pays him. He can then use that certificate to try to reclaim the tax, if he's entitled to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 December 2015.

Christopher Gilbert
ombudsman