

## **complaint**

Miss T complains that British Gas Insurance Limited is responsible for poor service in connection with a home emergency insurance policy.

## **background**

Final decisions of the Financial Ombudsman Service are published on our website. We include the full name of the insurance company or other regulated financial firm. We don't name the complainant or any other companies or individuals. Where I refer to British Gas Insurance I refer to the insurance company of that name and I include other companies and individuals for whose actions I hold that company responsible.

Miss T had an annual British Gas Insurance HomeCare 400 policy. It covered her central heating including an annual service. The renewal date was in the month of April each year. Shortly after a renewal letter and annual service in March 2018, Miss T complained about multiple issues.

Those issues included a complaint that British Gas Insurance hadn't done an annual service in the policy year 2016/2017.

Other issues included complaints about the supply of energy by a sister company of that insurance company. The sister company responded and Miss T took those complaints to another ombudsman service.

British Gas Insurance didn't respond to the complaint about the annual service. Miss T further complained that it had mishandled that complaint.

British Gas Insurance sent a final response on 3 April 2019. It agreed it hadn't sent out correspondence to Miss T to arrange the annual boiler service for 2016/2017. It said it was sending Miss T a cheque for £80.00 compensation. It said it had offered a 15% discount off her cover for the policy year 2019/2020.

The policy renewed on about 14 April 2019 without the 15% discount - at a cost for that year of £367.89. Miss T was paying that by direct debit monthly instalments of about £30.00.

Our investigator didn't recommend that the complaint should be upheld. She thought that British Gas Insurance had dealt with Miss T's complaint fairly. She said there is no set fee for the annual service. She thought the £80.00 compensation sent to Miss T was fair.

Miss T disagreed with the investigator's opinion. She asked for an ombudsman to review the complaint.

## **my findings**

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

It is important that a central heating boiler is serviced regularly. And - unless there is a call-out for a repair- an annual service visit is the only time British Gas Insurance will visit.

But an annual service requires cooperation between British Gas Insurance and its customer so as to arrange a mutually convenient appointment for access to the boiler.

The policy also covered the (risk of) cost of parts and labour for repairs. And that was not only for central heating but also for plumbing and drainage and home electrics.

The annual service represented only a small proportion of the cost of HomeCare. The policy terms apply a charge of £65.00 for an annual service if the customer then cancels the policy.

Miss T had an annual service in January 2016. And the policy renewed in April 2016. At that time the applicable policy terms were those published in 2015. They included – for complaints – a postal address in Dunstable. The terms also included the following:

*“When your **annual service** is due we’ll send you an email, letter, text message or call you to arrange it. We’ll try to get hold of you up to three times. If we don’t hear back from you, we won’t make another attempt, but you can contact us at any time to arrange your **annual service**”*

British Gas Insurance accepts that it didn’t send a reminder in 2017. But Miss T could’ve asked it to do an annual service, for example in January 2017 or when it sent her a renewal letter in March 2017.

I find it likely that it was the renewal letter dated 9 March 2018 that prompted Miss T to book an annual service. That was completed on 15 March 2018. And it confirmed that there hadn’t been a service since January 2016.

Miss T had – in the previous policy year - paid for a service she hadn’t had. She may also have worried that her boiler had suffered from lack of a service. So I accept that she suffered some distress and inconvenience. But there’s no technical evidence to show any damage.

After she complained on about 20 March 2018, the policy renewed in April 2018. At that time the applicable policy terms were those published in 2017. They included – for complaints – a postal address in Winchester.

British Gas Insurance should’ve sent a final response to the complaint within eight weeks, that is by about mid-May 2018. Its failure to do so caused Miss T to chase up her complaint. Unfortunately she used the Dunstable address and the postal service returned some of her letters in late 2018 and early 2019.

Miss T had another annual service in March 2019.

British Gas Insurance didn’t send any substantive response to her complaint until 27 March 2019. And – without waiting to hear further from Miss T - it sent its final response on 3 April 2019. It said it had sent a cheque for £80.00. It also said it was offering a 15% discount for the policy year 2019/2020. And it said the following:

*“If you wish to accept the policy discount, please either contact me directly on the below details, or our Customer Service team on 0333 200 8899 at a time that’s convenient to you.”*

I’ve seen a letter from Miss T dated 2 April 2019. But I haven’t seen any evidence that she accepted the discount at that time. So I don’t find it unfair that the policy renewed again on 14 April 2019 without the 15% discount.

Miss T brought her complaint to us in early May 2019.

From what Miss T has told us, she presented the £80.00 cheque for payment before the usual six-month period of validity expired in October 2019.

At about the same time, British Gas Insurance told us that – from the 2019/2020 annual cost of £367.89 - it was applying the 15% discount of £55.19. After an initial error in calculation, it told us it was writing to Miss T with a revised schedule of monthly payments of £21.44. As she hasn't told us otherwise, I find that Miss T is now receiving the benefit of that discount.

I've thought about the fact that she's been out of pocket by not having had the discount sooner. But as she could've accepted it sooner I don't find it fair and reasonable to direct British Gas Insurance to pay any interest.

I find that British Gas Insurance treated Miss T unfairly by not sending a reminder for an annual service in 2016/2017 – and later by not responding to her complaint for over a year. But she could've mitigated her distress and inconvenience by booking a service in 2017.

Overall I'm satisfied that the cheque for £80.00 and the discount of £55.19 (a total of £135.19) is fair and reasonable compensation. I don't find it fair and reasonable to direct British Gas Insurance Limited to do any more in response to this complaint.

### **my final decision**

For the reasons I've explained, my final decision is that I don't uphold this complaint. I don't direct British Gas Insurance Limited to do any more in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 13 December 2019.

Christopher Gilbert  
**ombudsman**