

complaint

Mr H has complained about the sale of a central heating insurance policy by British Gas Services Limited.

background

Mr H held a boiler and central heating insurance policy with British Gas. In 2014, his boiler needed to be replaced. When the policy next came up for renewal, Mr H says he phoned British Gas to cancel his policy, as he didn't think he needed it as the new boiler came with a seven year manufacturer guarantee.

British Gas offered to remove the boiler from the cover and continue with a policy which covered the rest of the central heating system and a gas fire only. The policy renewed in 2016 and again in 2017. However, when Mr H received the notice of renewal in early 2018, he noticed that it was for a policy that included the boiler and the premium had gone up again. He also realised this had been changed since 2016 and so he had been paying for cover he had not wanted and didn't ask for.

Mr H called British Gas to ask for the policy to continue on the previous basis and for a refund of the additional premiums he'd paid for the boiler cover to be refunded.

British Gas didn't agree it had done anything wrong. It says it only offered the reduced cover for one year and had told Mr H it would revert back to full cover after that first year, unless he contacted it. British Gas also says that it sent out renewal documents to Mr H each year with the details of cover and Mr H had never complained until now. It didn't therefore agree to refund the premiums. However, British Gas did offer a refund of the part of the premiums Mr H had paid that was to cover the annual service of the gas fire and boiler for the previous two and three years respectively, as these had not taken place. It also offered £30 for the delay in responding to Mr H's complaint. The offer was a total of £380.29.

One of our adjudicators looked into the matter. She recommended that it be upheld, as she didn't consider that British Gas had made it sufficiently clear to Mr H, at renewal that it had included the boiler in the cover; and there was not enough evidence that it had made it clear that the reduced cover would only last for a year.

The adjudicator therefore recommend that British gas also refund the part of the premium that was for the boiler cover; and that interest at our usual rate should be added to the amounts that were to be refunded.

British Gas doesn't accept the adjudicator's assessment, so the matter has been referred to me.

British Gas says that it doesn't normally offer a policy that covers only the central heating system, all its products include boiler cover. However, it offered Mr H this option as a promotion to him in order to retain his custom. *"This offer was for 1 year only following this he would either need to contact us when receiving renewal documents or carry on at the higher cover. Therefore, as we have sent renewals each year it would be Mr H's responsibility to call us to downgrade or cancel his policy."*

my 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, including the renewal of existing policies, have a responsibility to provide clear information about what is being provided and any other key information to allow a consumer to make an informed choice about what they are buying. When a policy is being renewed, we would expect the seller to make any significant changes to what is being offered clear.

British Gas says it doesn't usually offer the policy it offered Mr H in the year 2015/2016 and only did so as a promotion to retain his business on the understanding that it would be upgraded again the following year. However, it offered it to him then and as the adjudicator has pointed out, there is no documentary or other persuasive evidence that it made it clear to Mr H at the time that this would only be for one year.

The renewal documents provided for the policy year 2015 to 2016 say that Mr H had central heating cover only but don't say anything about what will happen at the next renewal, in particular that boiler cover might be automatically added.

The documents for the year 2016 to 2017 also say Mr H has central heating cover on the front page but it's not clear from the rest of the documents whether this does in fact include the boiler. Mr H suggests it did and it seems British Gas also think it did. Given the front page of those documents, which is the same as the previous year when both parties knew it didn't cover the boiler, I don't think there was anything that would have alerted Mr H to this change.

The documents for 2017 to 2018 and 2018 to 2019 make it clearer that what is being offered is boiler and central heating system cover. However, it is not highlighted that this is a change to what Mr H had previously. While it is therefore clearer, I am not satisfied that this was enough to alert Mr H to the fact it had added on additional cover that he had not asked for. The burden should not have been put onto Mr H at that stage to request cover to be removed.

British Gas has said that Mr H should have contacted it on renewal to downgrade his policy again. It seems to me therefore that it would have continued to provide the reduced cover, if Mr H had asked. Given this and that it should have highlighted such a significant change to the cover in a way that made it clearer to Mr H in 2016 and 2017, I agree that it should refund the boiler cover premiums for those years.

I also agree that it should refund the payments that were for the boiler and fire services which were not carried out.

my final decision

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

- refund the additional premiums Mr H paid for the annual services that were not carried out (i.e. £350.29) and the additional premiums for the boiler cover paid for the policy years 2016/17 and 2017/18, together with interest at 8% simple per annum from the date Mr H made each payment to the date of reimbursement; and

- pay the £30 already offered for the delay in responding to the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 February 2019.

Harriet McCarthy
ombudsman