

Complaint

Mr P complains that British Gas Services Limited (British Gas) wouldn't allow him to buy insurance cover for his new boiler which the business had supplied and fitted.

background

For a number of years, Mr P had had HomeCare 300 insurance cover through British Gas covering his boiler and other related systems in his home. He replaced his boiler in 2016 and expected his insurance cover to continue as before. But British Gas wrote to Mr P after he'd accepted the quote for the work to be done, saying that his boiler would now be covered by a five year warranty instead.

Mr P looked at the terms of the warranty and was unhappy with them. He noted especially that accidental damage was no longer covered. In any event, he said, he had a manufacturer's warranty which covered the boiler for two years – so the first two years of British Gas' offer was worthless. He asked British Gas to allow him to buy the HomeCare 300 product he'd enjoyed previously. He complained that he'd been told the cover could continue only for it to be withdrawn just before the installation was completed.

British Gas looked into Mr P's complaint and issued its response. It refused to sell Mr P a HomeCare 300 policy. It said it couldn't sell Mr P insurance when he already had a guarantee (the warranty) in place. It apologised that it had given Mr P incorrect information by telling him he could continue with the policy, and offered him a total of £60 compensation for the inconvenience caused and the incorrect information. It told Mr P he could take his complaint to the Retail Ombudsman.

Mr P was unhappy with the response from British Gas, so he referred his complaint to this service. One of our investigators looked into it.

British Gas initially said we had no power to look into the complaint as the warranty was issued by a British Gas company that doesn't fall under our jurisdiction. Our investigator explained that she felt we could look at it and set out her rationale in a letter. I'll not detail that argument here as British Gas has now dropped its objection to us looking into it.

British Gas offered 'add ons' to top up the warranty to cover other systems Mr P's previous policy had covered. But these didn't include accidental damage, so they didn't provide the same level of cover.

The investigator said Mr P's agreement for installation of the boiler didn't make it clear that he would be unable to have the HomeCare 300 cover he'd enjoyed previously. She didn't feel the warranty gave the same level of protection as the HomeCare agreement. She also felt British Gas had been wrong to recommend Mr P take his complaint to the Retail Ombudsman.

The investigator recommended that British Gas should cancel the warranty and allow Mr P to buy a HomeCare 300 policy. She agreed with British Gas' offer to pay Mr P £60 compensation, but said it should also pay £50 for its mistake in directing him to the Retail Ombudsman.

British Gas disagreed with the investigators view. It said it couldn't charge a customer twice for similar cover and it didn't tailor insurance products to a customer's needs. Mr P agreed with the detail of the investigators review, but felt the compensation was not sufficient. So the complaint has been passed to me for a final decision.

my findings

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

I've looked carefully at the terms of the warranty provided with the boiler and the HomeCare policy that Mr P had previously. It's clear that, even with the add ons proposed by British Gas, the warranty doesn't give the same level of cover as the HomeCare 300. The warranty and the add ons don't offer cover for accidental damage which is important for Mr P.

I've thought about what British Gas has said about not charging a customer twice for similar cover. But according to the paperwork, the warranty was provided without charge. So if it sold Mr P a HomeCare 300 policy, British Gas wouldn't be charging him twice.

After discussing Mr P's complaint with British Gas it has now agreed to allow Mr P to buy a HomeCare policy, and Mr P has confirmed to me that he's happy with that. I leave it to Mr P and British Gas to get the policy in place.

But Mr P has said he's unhappy with the level of compensation British Gas has offered – a total of £110 prior to my involvement. British Gas has now increased its offer to £350 but Mr P remains unhappy. So I now need to decide what I think is a fair and reasonable amount for British Gas to pay in compensation to Mr P.

It's clear Mr P has suffered inconvenience as a result of British Gas refusing to sell him a similar level of cover as that which he enjoyed previously. But I note that fortunately Mr P hasn't had a claim refused as a result of this. I think that the £350 British Gas has now offered Mr P is fair and reasonable in the circumstances.

my final decision

My final decision is that British Gas Services Limited should allow Mr P to buy a HomeCare policy and pay him £350 for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 January 2018.

Richard Hale
ombudsman