

complaint

Mr T, on behalf of L Limited, complains that British Gas Insurance Limited won't pay for a replacement boiler at a property L Limited owns.

background

L Limited has a HomeCare insurance policy with British Gas Insurance Limited (BG) to cover a tenanted property which it owns.

The policy covers the property's boiler and central heating system, amongst other things. And it includes an annual service of the boiler.

In September 2018, a BG engineer attended the property as the tenants were having problems with their heating and hot water.

The engineer said the heat exchanger in the boiler had been damaged by sludge and scale in the central heating system. He said the boiler was beyond economical repair and advised L Limited to replace it.

Mr T says he contacted BG to complain. And when he wasn't happy with the timescale they gave for resolving the issue, he had the boiler replaced – at a cost of £1,800. He also refunded a month's rent to the tenants, who were without heating and hot water for a period of time.

Mr T asked BG to pay for the replacement boiler – and to recompense him for the lost rent (£1,700).

BG refused and pointed out that the policy doesn't cover replacing boilers above a certain age and that it doesn't cover damage caused by sludge and scale. They admitted Mr T had received some poor service and offered him £50 in recognition of this to conclude his complaint to them.

Mr T believes that any issue with sludge and scale should have been picked up at the annual services BG carried out on the boiler. He wasn't happy with BG's response and made a complaint to us.

Our investigator looked into it and didn't think BG had done anything wrong. Mr T disagreed and asked for a final decision from an ombudsman.

my findings

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

When Mr T complained to BG after the engineer's visit in September 2018, he was offered a second opinion on his boiler. He said he didn't want to take that up. He's also said he's happy to accept BG's view that the boiler was beyond economical repair and the damage was caused by sludge and scale in the system.

So, there's no argument here about the nature and cause of the damage to the boiler.

The policy's terms and conditions directly address what happens when the boiler and/or central heating systems are damaged by sludge and/or scale. Under the heading *What's not covered*, they say:

"Damage caused by limescale, sludge or other debris – if we've told you before that you need to carry out repairs, improvements or a British Gas Powerflush, or a similar process, but you haven't done so."

BG say they had previously advised Mr T that the boiler needed replacing. I've seen a copy of their system contact notes which record visits to the property since 2012. There are over 30 visits recorded in all.

On seven occasions between October 2012 and June 2018, the visit records include a "Code 5". BG tell us this code indicates that the engineer recommended that the customer replace the existing boiler.

There's also a further visit record in November 2012 which says "**ADV SCALE AND SLUDGE NOT COVERED**".

I don't doubt the truth of the visit reports completed by BG's engineers. However, the notes aren't detailed enough to record *who* specifically was given the advice or recommendations offered by the engineer. And I bear in mind that this is a tenanted property.

The paragraph quoted above, from the policy terms & conditions, clearly says damage from sludge and scale won't be covered if BG have told "*you*" (and I assume that to be the policyholder) that repairs, improvements or flushing were required.

Whilst the visit reports give some evidence of what went on at the various visits, I don't think they provide definitive proof that Mr T was ever told that his boiler and/or central heating system needed attention.

However, I don't think that's crucial to my decision in this case, because the policy terms and conditions also say, under the heading *What's covered*:

"A replacement for your boiler if we can't repair it and:

- It's less than seven years old*
- Or it's between seven and ten years old, we installed it and it's been continuously covered by British Gas...*
- Or it caught fire or exploded...."*

BG's engineer estimated that Mr T's boiler was at least ten years old (their visit report notes suggest the system was installed in 1990). Mr T hasn't suggested that isn't the case. He bought the property in 2012 and took out the policy with BG at around that time. So, I don't think there's any evidence here that would contradict the engineer's opinion.

So, it's reasonably clear under the terms and conditions of the policy (as set out above) that BG aren't obliged to replace Mr T's boiler, because it's more than seven years old (and the other criteria don't apply).

Mr T says BG should nonetheless pay for the replacement in this case because his boiler wouldn't have been damaged beyond repair if BG had carried out the annual service effectively. His point being that it would – or should - have been evident that there was sludge, scale or debris in the system when it was serviced.

The policy terms and conditions relating to the annual service say:

*“One of our engineers will visit your **home** once a year to check that your appliance, boiler or **central heating** and ventilation is working safely and in line with the relevant laws and regulations. We'll also test the gases your appliance or boiler produces. If these tests show that it's necessary to take your appliance or boiler apart to adjust or clean it, we'll do so.*

During the visit, our engineer will fill in a checklist that shows you exactly what we've looked at.

If we find a problem or fault that needs to be fixed, we'll tell you about it.”

There's no evidence in this case to suggest BG's engineers – at any of the annual services – failed to carry out the tests BG promise. And there's no undertaking, in the terms and conditions (as above) that BG will test for sludge or scale in the system, unless this in some way causes the gases produced by the boiler to appear abnormal.

So, I can't see that BG have acted unfairly or unreasonably towards L Limited in the way they've carried out the annual service of the boiler. I also bear in mind that boilers do have a shelf life – and no matter how well they might be maintained or serviced, they will need to be replaced at some point.

In summary, L Limited's policy clearly says BG will not replace boilers above a certain age. L Limited's boiler in this case is older than that. And I'm satisfied BG met the obligations set out in the policy in terms of annual servicing of the boiler.

Mr T has also raised issues about customer service. And in particular, he's concerned about the distress and inconvenience suffered by his tenants, who had young children in a property without heating and hot water for a period of time.

BG have sent Mr T a cheque for £50 for his trouble and upset – and they're also dealing with a separate complaint from the tenants. The outcome of that separate complaint isn't my concern in this decision.

In terms of the poor service Mr T says he received – and which BG have admitted – much of this is about the way they handled Mr T's complaint after the engineer's visit in September 2018.

Mr T seems to think that the response times for the complaint were inappropriate because this delayed the replacement of the boiler – and so impacted his tenants.

But that's not the case, in my view. BG had already made it clear to Mr T that the boiler was beyond economical repair – and that they wouldn't be paying for a replacement. At that point, he was free to take whatever action he saw fit to ensure the property had heating and hot water.

Complaints handling is not a regulated activity, but even if it were, in the context set out above, I don't think it's unreasonable for BG to pay Mr T £50 for the inconvenience he experienced.

my final decision

For the reasons set out above, I don't uphold L Limited's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T (on behalf of L Limited) to accept or reject my decision before 15 February 2019.

Neil Marshall
ombudsman