

complaint

Mr K complains his British Gas Insurance Ltd (BGI) homecare insurance policy wouldn't cover repairs to a gas pipe in his home. And that exclusions in the policy, affecting his gas pipes, weren't identified by BGI engineers during previous service visits.

background

Mr K has a BGI Homecare insurance policy.

Mr K was having a new kitchen fitted, when the fitter identified a small gas leak between the meter and the kitchen. So Mr K contacted BGI who sent an engineer to investigate. He identified the leak was in the under-floor pipework connecting the meter and kitchen. But because this was under a concrete floor, and wasn't protected with cladding, the policy wouldn't cover replacement or repair. It was suggested Mr K's piping be re-routed within his house, which he declined. So, Mr K installed an induction hob rather than retain a gas one.

Mr K complained to BGI. He was unhappy the policy didn't cover the repair of the pipe. He was also unhappy the fact his gas pipes were routed under a concrete floor wasn't highlighted as a potential issue during previous service visits. BGI responded, but didn't uphold Mr K's complaint. BGI said because Mr K's pipes were under a concrete floor, with inadequate protection, repairs to them wouldn't be covered under his policy. And that he'd have been aware of the terms and conditions, and restrictions, when he took out this policy.

Unhappy with this, Mr K brought his complaint to us. He said he's had cover for a number of years to cover such an eventuality. And this problem hadn't been mentioned by BGI engineers during previous annual services. He advises he's had to pay over £300 for the new hob he installed, and this isn't the first claim he's made under the policy that's been refused. Mr K also thinks the BGI engineer didn't properly check for the source of the leak. He asks for compensation and advice what his appropriate level of cover should be.

Our investigator didn't uphold this complaint. In summary, she said the pipes, being under concrete and unprotected, were a pre-existing fault and wouldn't be covered. There was no requirement for BGI to have checked if Mr K's pipes were capable of being covered before providing this. Unhappy with this, Mr K asked for an ombudsman to review his complaint.

my provisional findings

In my provisional findings, I advised I was minded to uphold Mr K's complaint in part, and said as follows:

Mr K has a BGI Homecare policy, which provides amongst other things an annual service, and covers boiler and controls and central heating on a service and repair basis. I've looked at each of these sections within the policy to see what's covered and what isn't. The 'boiler and controls' section, which appears most relevant, provides cover for:

"A replacement of the gas supply pipe...that make your boiler work if we can't repair"

This appears to be the only part of Mr K's policy that makes reference to gas pipes being covered. So, I've looked at the policy's definition of a 'gas supply pipe' – which is as follows:

“the pipe that connects your gas meter to your gas boiler and other gas appliances you have on your property”

This suggests the pipe between the meter and hob would be covered for replacement. But, the general exclusions within the policy, listed at page 30 of the policy document, also state:

“Pre-existing faults – Our products don’t include cover for any faults or design faults that – we couldn’t reasonably have been expected to know about before. For example, faulty pipes that don’t have the correct protection, which are buried under concrete floors”

It’s not in doubt the pipe in question is routed under a concrete floor, and it’s now known the pipe isn’t clad with the correct protection. So, based on the above, I think it’s clear the policy doesn’t cover repairs to any leak in the ‘under-concrete’ gas pipes in Mr K’s house, provided BGI couldn’t be reasonably expected to know about it before.

However, Mr K firmly believes BGI should reasonably have known about the cladding and concrete floor ‘fault’ when he took out the policy, and so the above cladding exclusion should not apply. He points to the various service visits during the time he’s had the policy as evidence of times BGI engineers could have reasonably identified how his pipes were routed. So, I’ve looked at what Mr K’s policy says regarding service visits.

The policy provides a first service to be undertaken after the policy is taken out. A first service is defined within the policy as follows:

“where we may visit you after you first take out a product covering your boiler to check and confirm whether we can cover you. See page 27 for details”

And the general conditions at page 27 of the policy say the following about a first service:

“At the first service our engineer will check that...your boiler or central heating and ventilation don’t have any pre-existing faults” AND

“If we find...it has an existing fault we’ll either: Tell you what needs to be done to fix it – and how much it’ll cost [OR] Offer you a different product or level of cover”

The policy also provides an annual service, which is defined as:

“A check each year to ensure your gas boiler, appliance, or central heating is safe and working properly – See pages 27 and 28 for more details”

And the general conditions at pages 27 and 28 say the following about annual services:

“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...We’ll also test the gasses your appliance or boiler produces” AND

“During the visit, our engineer will fill in a checklist which 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”

It appears clear from the above that a first service is designed to only check certain things – it makes no mention of gas pipes for instance. And the annual service also limits what the engineer is required to check. I've now seen a copy of the first service checklist, which lists all the tasks an engineer is required to undertake, and the only pipes requiring to be checked are "radiator and visible water pipes for water leaks and operation".

However, Mr K says the 'leak' engineer identified the pipes weren't properly clad from a quick visual inspection – and so surely the 'service' engineers, and particularly the 'first service' engineer, would have noticed this too. I think there is some merit in this belief, so I asked Mr K to confirm where in his kitchen the gas pipes exit from the concrete floor. Mr K responded, explaining the pipes exited in two places:

"The first point was behind the door to the kitchen and supplied the old central heating boiler. The pipe was clearly visible exiting the floor. The second point supplied the hob...visible by removing the kickboard at the base of a kitchen unit".

So, the point where the pipe exited the floor and fed the hob was hidden. I don't think BGI's engineer would have been expected to remove the kickboard to check this 'exit point' as part of the initial service. But the pipe feeding the boiler does appear to have been visible exiting the floor. As mentioned above, the first service engineer had to check if the boiler had any pre-existing faults, and if found Mr K would have been told about them. Whilst there was no fault with the boiler, the cladding 'fault' would appear to have been visible to the first engineer – it appears directly under the boiler the engineer was checking.

That being so, I don't think BGI can reasonably rely on the policy exclusion as the problem with the 'under-concrete' pipe wasn't a fault they "couldn't reasonably have been expected to know about before". So, I think BGI should have told Mr K, at or close to inception, that his pipes weren't properly clad and wouldn't be covered for replacement in the event of a subsequent fault. But they didn't, so I think they should have offered to meet Mr K's claim.

This raises the next question – what would likely have happened if BGI had said to Mr K they would meet his claim, and locate/fix the underfloor leak. It's impossible to answer this with certainty. However, I see Mr K refused BGI's offer to re-route his gas pipes after the leak had been identified (albeit at a cost to him) – a process that would likely have created significant mess and upheaval given the floor was made of concrete. That being so, I think it seems unlikely he'd have decided differently had BGI offered to locate and fix the leak, and replace the pipes, under the policy – it would have created the same level of mess and upheaval.

I should also comment on what would likely have happened if Mr K had been told his gas pipes wouldn't have been covered at inception. Mr K could have chosen a policy from another insurance company. However, the cladding/concrete floor exclusion is a common feature in similar policies, and the policy Mr K chose provided other valuable benefits. So, I can't conclude it's likely he'd have chosen a different insurance company at the time. So, I think even had the fault/issue been identified at inception, it's unlikely Mr K would have done anything differently – I think it's likely he'd still have purchased the insurance policy with BGI.

Mr K says BGI should pay for the cost of the new hob he had to install, once it was clear he could no longer have a gas hob. As I've said above, I think BGI should have offered to fix the leak under the policy. And I accept if the leak had been fixed, Mr K wouldn't have needed to purchase the induction hob instead. However, I've already said I think it seems unlikely Mr K would have agreed to the replacement works, and so the gas hob was always going to need

to be replaced - the cost of the new induction hob was an expense that was always going to be required. That being so, I don't think BGI should have to pay the cost of the new hob.

Mr K is also unhappy the engineer didn't do enough to check if the leak was from a visible part of a pipe – above ground in other words. Mr K rightly says if it was visible, the policy would cover fixing it, and he wouldn't have had to spend extra on a new hob. So, I asked BGI to confirm what steps the engineer took to test where the leak came from, and why it was decided the leak was hidden. BGI responded, advising as follows:

"The engineer used his gas detection probe on all surface pipework but it did not pick anything up on any of the surface pipework. Engineer also tested the probe on a known source to make sure his detector was working correctly. He also did a tightness test and disconnected the appliance which proved the gas leak was on the carcass and not on any of the appliances"

I'm aware Mr K says the engineer didn't make any checks, so I can only form a view based on what I think is likely to have happened. And I think it's more likely, given the dangers associated with a gas leak, the engineer did carry out these safety tests. So, I think the engineer conducted sufficient tests, in the circumstances, to try and identify where the leak source was. And I'm satisfied this showed it was most likely underneath the concrete floor.

Which brings me to the issue of compensation. I think it's clear BGI made mistakes in the way they dealt with Mr K. They should have identified the cladding issue at the initial service. And the failure of their 'first service' engineer to identify the cladding issue impacted how BGI approached dealing with Mr K's recent claim. It's evident these failures caused Mr K a great deal of distress and inconvenience – particularly given the amount of time he's had to spend dealing with the claim and subsequent complaint. I think BGI should pay Mr K compensation for this distress and inconvenience, and taking all of the above into consideration I think £300 – fairly reflects the levels of inconvenience Mr K suffered.

Finally, Mr K asks for advice what his appropriate level of cover should be. I'm afraid I can't assist in this regard - our service is here to look at complaints, but not to offer advice.

response to my provisional findings

Mr K hasn't responded to my provisional decision, but I have received a response from BGI.

BGI explain their engineer would have completed an initial inspection at the point of the policy inception to make sure the boiler was in good working order and that repairs could be undertaken – parts were available – if the boiler broke down. BGI goes on to say that the agreement to cover the boiler would still be governed by the terms and conditions of the policy, and the exclusions. And that it was a customer's responsibility to check these to make sure the policy met their needs, taking account of the relevant exclusions. BGI don't think it's reasonable for the engineer, at this point, to list all of the exclusions that may apply – this is why they provide terms and conditions. BGI says Mr K would have been aware of these, and the clear exclusions contained within. BGI feels their engineer acted correctly in the circumstances.

my findings

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

BGI say their engineer, at the initial ‘inception’ inspection, was there to check the boiler was in good working order and capable of being repaired. But, I don’t think BGI have really addressed the point that I felt it was reasonable for their engineer to have identified the pipe-cladding issue at the first service.

The policy provides for, amongst other things, a replacement of the gas supply pipe - the pipe connecting the gas meter to the boiler and other gas appliances on the property. And it’s clear the policy mentions the pre-existing cladding/concrete floor fault exclusion. And when talking about the first service, the policy says [an engineer] may visit to check if BGI can provide cover, and at that first service will check that “*your boiler or central heating and ventilation don’t have any pre-existing faults*”. And that, if any are found, they will be highlighted. So, there is a requirement to check the boiler, central heating and ventilation here – there’s no specific mention of the supply pipes.

But, the cladding issue appears to have been clearly visible directly under the boiler. And the replacement of the gas supply pipe is something specifically covered (subject to exclusions) under Mr K’s policy. So, even though the policy says the first service focuses on the boiler and central heating, I don’t think it’s reasonable for BGI to say their first-service engineer did nothing wrong by failing to notice an obvious fault that the policy specifically excludes.

It seems clear the first service is designed to inform both BGI and Mr K about the limits of what can be covered under Mr K’s policy, right from the outset. As I’ve said before, whilst I don’t think BGI’s engineer had to go looking for faults (the exit point behind the kickboard for instance). I think Mr K was entitled to an expectation that obvious faults would have been identified and alerted to him. This didn’t happen, which here I think it should have done.

So I’ve seen nothing in the response from BGI that leads me to alter my previous conclusion, and accordingly depart from my proposed outcome set out in my provisional decision.

my final decision

For the reasons set out above, I uphold this complaint in part and require British Gas Insurance Ltd to pay Mr K £300 compensation for distress and inconvenience suffered.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr K to accept or reject my decision before 26 April 2020.

Mark Evans
ombudsman