

## **complaint**

Mr and Mrs G complain that British Gas Insurance Limited's delay in finding the cause of a leak, under their home care insurance, caused damage to their property.

## **background**

On 15 May and 21 June, British Gas' engineers investigated a leak in a shower room in the refurbished basement at Mr and Mrs G's property. The work was done under their home care policy. Both engineers said the leak came from the shower screen door. Mr and Mrs G thought that unlikely and pulled up carpet and lino in two rooms. They couldn't find the leak but discovered that the floor was very wet.

They contacted their home insurer who sent a loss adjuster. He advised that their children not use their bedrooms in the basement. He also advised the basement rooms should be stripped out and the source of the leak found.

British Gas sent out engineers on two more occasions. Mr and Mrs G say the engineer on 26 June said the job was too big without even looking in the shower room. On the final visit on 2 July the source of the leak (a waste pipe from the vanity unit) was found and repaired. The whole basement floor was saturated and the rooms had to be stripped and dried out with industrial dehumidifiers. Drying out took two months and it took over another month to reinstate the rooms. During this time Mr G was recovering from a serious injury so couldn't help Mrs G with all the practicalities. Mrs G also says there was an impact on her business which she ran from the spare room which her children had to now sleep in.

Mr and Mrs G complained to British Gas that its engineers' failure to identify the problem led to water leaking unchecked for six weeks causing extensive water damage to the whole basement. They wanted £10 a day for the inconvenience of losing a third of their house plus the home insurance excess (£250), a total of £1,400.

British Gas said under the terms of the policy it wasn't responsible for the damage as it didn't cause the leak. But it agreed that its engineers who attended in May and June 2015 should have identified the source of the leak. It ultimately offered £250 compensation for Mr and Mrs G's inconvenience for that failure and its delay in dealing with their complaint.

Mr and Mrs G complained to us. British Gas told us Mr and Mrs G's home insurer had counterclaimed against British Gas for the damage and the loss adjusters were in negotiation. It had denied liability and said it couldn't comment further on the property damage as this was an ongoing matter between the loss adjusters.

Our adjudicator who looked at his complaint explained that he wasn't considering British Gas' liability for the damage caused to the property. He was looking at the additional distress and inconvenience caused by its initial failure to identify the leak and its delay in dealing with Mr and Mrs G's complaint. He recommended British Gas pay £500 compensation in total.

British Gas agreed with the adjudicator's recommendation. Mr and Mrs G didn't agree. In summary they said:

- once the £250 excess was deducted, compensation was £250. Taking into account the four month period during which a third of the house was inaccessible this equates to about 21p per day
- they accept British Gas didn't cause the leak. But British Gas accepts it should have noticed the leak on the May visit. So the damage to the bedrooms and the hallway were directly caused by its failure to identify the leak when it should have. Had it done the job properly and found the source of the leak in May the damage would have been contained within the bathroom and the repair cost would have been much less
- British Gas' new offer didn't take into account the level of disruption it caused. They had eight weeks of industrial driers in the basement below their bedroom on for 24 hours a day. They had to move the entire contents of the basement into other areas of the house. They lost the use of a spare room for three to four months which during Mr G's illness was very disruptive
- as a direct result of British Gas failure there was damage which cost £27,000 to repair through their home insurance. They now have a £5,000 excess for their home insurance policy. British Gas is responsible for that future loss.
- British Gas took over 23 weeks to deal with their complaint which added to their stress.

### **my provisional decision**

I made a provisional decision that I was intending to uphold this complaint in part. I said:

"My decision isn't about deciding the extent to which British Gas is liable for damage to Mr and Mrs G's property. Their home insurer's and British Gas' loss adjusters are in negotiation about liability. To my knowledge they haven't reached a conclusion. I don't have any information about the extent to which British Gas is liable for the damage.

So my decision is limited to whether British Gas' new offer of £500 compensation is enough to reflect the additional distress and inconvenience it accepts it caused Mr and Mrs G by its failure to find the leak in May and June and its poor complaint handling. I don't think £500 is enough. I intend to order that British Gas pay Mr and Mrs G £1,000 compensation. I'll explain why.

I don't know what additional damage was caused by the six to seven week delay in British Gas finding the leak. But it's highly likely that the continual water damage over that additional time meant that the clearing up operation was bigger that it would have been had the leak been repaired in May. This resulted in a greater impact on Mr and Mrs G and their children.

Mrs G has given a detailed account of the inconvenience they had which I've summarised above. This lasted three to four months. It was already a particularly difficult time as Mr G was recovering from a serious injury. It may be that some of the disruption would have happened anyway as a result of the leak. I can't fairly say that all the disruption, distress and inconvenience caused by the leak was solely due to British Gas not finding the leak as soon as it should have done. If I did know that my award would be higher.

I've also taken into account that British Gas took far too long in dealing with Mr and Mrs G's complaint. It didn't seem to realise the impact of the situation on them and there's no explanation for the unreasonable delay.

Mrs G says the £250 excess they paid for their home insurance claim lessens any compensation award. But they may well have had to make a claim and pay that excess even if British Gas had found the leak earlier. And I don't award compensation on a 'per day' basis, I look at the overall impact.

I understand why Mr and Mrs G are upset at such a large increase in their home insurance excess payment. But it hasn't been shown to what extent, if any, British Gas's poor claim handling had on the home insurer's decision to increase the excess to £5,000. And Mr and Mrs G haven't suffered that loss because there's been no further claim. I can't award compensation for something that might or might not happen in the future. So I'm not making any award specifically about the increase in excess.

I don't think Mr and Mrs G cashed the £250 cheque/s British Gas offered. For the avoidance of doubt the £1,000 is total compensation for their distress and inconvenience".

### **responses to my provisional decision**

I asked both parties to let me have their comments within two weeks of the date of my provisional decision.

British Gas said it had no further points to make.

Mr and Mrs G said they hadn't received the decision. We emailed it to them and gave them two further weeks to respond. On the final day to respond Mrs G told us they would have liked the opportunity to show that the damage caused by the water leak was primarily caused by British Gas. But she understood they'd run out of time.

### **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 know Mr and Mrs G wanted to have the chance to show that the water leak damage was mainly due to British Gas. But as I explained in my provisional decision, I'm not deciding the extent to which British Gas is liable for damage to their property. Their home insurer's and British Gas' loss adjusters are in negotiation about liability. Mr and Mrs G haven't told me the loss adjusters have reached a conclusion about liability.

So my decision is about whether British Gas' offer of £500 compensation was fair to reflect the additional distress and inconvenience it accepts it caused Mr and Mrs G by its failure to find the leak in May and June, and its poor complaint handling.

I explained in my provisional decision why I thought £1,000 was a fair and reasonable amount. And I explained why I wasn't making any award for the increase in Mr and Mrs G's home insurance excess. British Gas hasn't made any further points and neither have Mr and Mrs G on those matters. So I've no reason to change my mind.

For the reasons I gave in my provisional and these findings I uphold this complaint in part. British Gas must pay Mr and Mrs G compensation of £1,000 for their distress and inconvenience.

### **my final decision**

I partly uphold Mr and Mrs G's complaint.

I order that British Gas Insurance Limited pay Mr and Mrs G £1,000 compensation for their distress and inconvenience caused by its poor service and complaint handling.

British Gas Insurance Limited must pay the above within 28 days of the date which we tell it Mr and Mrs G accept my final decision. If it pays later than this it must also pay interest on the compensation at the rate of 8% per year simple from the date of my final decision until the date of payment.\*

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs G to accept or reject my decision before 14 November 2016.

Nicola Sisk  
**ombudsman**

\*If British Gas Insurance Limited considers that it's required by HM Revenue & Customs to take off income tax from that interest, it should tell Mr and Mrs G how much it's taken off. It should also give Mr and Mrs G a certificate showing this if they ask for one, so they can reclaim the tax from HM Revenue & Customs if appropriate.