

complaint

Mr and Mrs L have complained that they've been paying for home insurance cover from British Gas Insurance Limited (BG) when BG isn't able to provide the spare parts needed to repair their boiler.

background

Mr and Mrs L have had a home insurance policy with BG since 2009. As at their renewal in December 2017, this was a Homecare 2 policy, the premium for which covered:

- An annual service
- Repairs to their gas boiler and controls including their thermostat and programmer
- Repairs to their gas central heating system including radiators and hot water cylinder

At their annual service visit in October 2018, BG's engineer told Mr and Mrs L that their heat exchanger was leaking and needed to be replaced, but this part was now obsolete.

Mr and Mrs L's heating system was installed in 1989, so in 2018 the boiler was 29 years old. They'd been told at a service visit in 2013 that some parts for their boiler were now obsolete. They've said they'd phoned BG in 2013 to cancel their policy as they didn't think that it was worth insuring something that couldn't be fixed because parts were no longer available. They say they were encouraged by BG to keep the policy as it said it would still be able to get parts for their boiler without problem.

Following their service visit in 2018, Mr and Mrs L raised a complaint with BG. Having been told that their boiler was obsolete, they believe they should've been told that parts wouldn't be available. They'd continued to insure with BG on the basis that they would be. Mr and Mrs L feel that they've been misled by BG and have asked for a refund of their annual premium from the time when their boiler became obsolete.

BG says it no longer has any telephone records going back beyond 2016 so it can't verify what Mr and Mrs L say they were told, but it's said that even if Mr and Mrs L had been told that parts would be available in the future, the availability of parts could well have changed since then.

Mr and Mrs L's policy deals with the availability of spare parts as follows:

"Spare parts

We'll provide replacements with similar functionality but not necessarily the same features or an identical make and model or type of fitting..... Or you can give the engineer a replacement part that you've bought yourself that we approve. We'll try to get parts from the original manufacturer or our approved suppliers. If we can't get hold of the parts we need we may need to cancel your agreement (or part of it) unless you're eligible for a replacement. If we've agreed to cover a boiler or appliance but warned you that it might be difficult to find spare parts, we'll do what we can, within reason, to repair it."

The policy also says:

"Where you have Boiler and Controls Breakdown Cover or Central Heating Breakdown Cover; and

- *We can't get hold of the parts we need to fix your boiler and controls or central heating*

• And, we haven't told you before that we may not be able to find them we'll refund any money you have paid for these products since your last claim, up to a maximum of three years."

BG's said that when a boiler is on a "reduced parts" list, this wouldn't mean that it would cancel the contract as some parts would still be available. But in this situation it would advise a customer of this so they can make an informed decision about continuing their policy. This advice would be on the checklist left with the customer after each annual service visit.

BG says its records show that as far back as 2009, Mr and Mrs L were advised that their boiler should be replaced. They were also informed in 2013 that some parts were obsolete. So Mr and Mrs L were able to make an informed choice as to whether they continued the policy.

Mr and Mrs L weren't happy that BG rejected their request for a refund of their premiums going back to when their boiler became obsolete, so they referred their complaint to this service. Our investigator considered their complaint but came to the view that BG hadn't done anything wrong. Mr and Mrs L don't agree with our investigator's assessment, and have asked that their complaint be considered by an ombudsman. It's therefore been referred to me to make 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'm not going to uphold Mr and Mrs L's complaint and I'll explain why.

I've looked at their service records going back to 2009 and see from these that they were advised to replace their boiler in 2010 and again in 2013. I've also seen the Homecare service visit checklist dated 18 December 2013. This states *"Boiler last made on 1/12/2000. Some parts are now obsolete. Low efficiency"*. The statements *"All functioning parts available"* and *"Conforms to current safety standards"* were both ticked *"No"*.

I think it's clear that Mr and Mrs L should've been aware from 2013 that there was likely to be an increasing difficulty in getting spare parts for their boiler because of its age. BG had specifically stated in the checklist from 2013 that not all functioning parts were available. Mr and Mrs L say that this was when they contacted BG to cancel their policy, but were encouraged not to do so.

I don't think it's reasonable for Mr and Mrs L, in 2018, to seek to rely on what they may have been told in 2013 about the continuing availability of spare parts. Availability is only likely to have got worse since then. I think that from at least 2013 Mr and Mrs L should've been in a position to make an informed decision as to whether their policy was likely to continue to provide good value. They continued to have the benefit of that policy and received service visits and replacement parts.

Although BG has the right to cancel a policy when it can't get hold of spare parts, it isn't obliged to do so. It had continued to supply spare parts for their boiler at service visits after 2013. It also provided other services under the policy which Mr and Mrs L might've considered to be worth the premium.

In response to our investigator's view, Mr L has said he was able to locate what he says was a new branded heat exchanger, and doesn't understand why BG wasn't able to do this. BG has explained that it only uses parts from its own suppliers to guarantee their authenticity and customer safety, although it will fit customer supplied parts if it approves them. I don't think BG can be considered to be acting unreasonably in taking this position.

Mr and Mrs L also refer to an offer of £250 compensation they say BG made to them when they initially complained. BG says it doesn't have any record of any such offer, and having looked through BG's complaint file, I can't see any reference to any such offer either. As there isn't any evidence of it, I don't think I can accept that BG made an offer. But even if it had, it wouldn't change my decision, as in my view BG is within the policy terms.

Mr and Mrs L also say that BG took two further instalments of premium until they cancelled their policy. I don't think BG has done anything wrong here, as it would have been up to Mr and Mrs L to first cancel the policy, and only after that should BG have stopped taking premium instalments.

So my conclusion is that I don't think that BG has acted unfairly or unreasonably in not settling Mr and Mrs L's complaint by a refund of premiums. They appear to have benefitted fully from the policy until the heat exchanger was identified as obsolete in October 2018.

my final decision

My final decision is that I'm not upholding Mr and Mrs L's complaint, and I don't require British Gas Insurance Limited to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs L to accept or reject my decision before 8 June 2019.

Nigel Bremner
ombudsman