

complaint

Mr A complains about British Gas Insurance Limited's (BG) service under his home care insurance policy. My references to BG include its agents.

background

On 12 June 2017 BG's engineer attended Mr A's property to carry out an annual service on the warm air unit and circulator. The engineer thought the heat installation fibrous material could contain asbestos (the warm air unit was 34 years old). As the unit could have potentially blown asbestos around the property BG capped off the appliance from the gas supply. BG tested a sample of the material which was found not to contain asbestos.

Once the test results were known, on 22 June 2017 BG's engineer reconnected the hot water but as the insulation material was damaged the warm air unit was left classified as 'at risk' and not reconnected. At Mr A's request a BG manager visited his property on 30 June to discuss his concerns. BG spoke to the business (which I'll refer to as J) that supplied parts for the unit who said the damaged insulation panel part was obsolete so BG told Mr A the unit couldn't be repaired.

Mr A arranged for J's contracted engineer to look at the unit. J's engineer told Mr A the replacement material for the insulation was available at J but it was a substantial job to replace the part with some risk and would cost about £1,200. Mr A also says the engineer told him that as the boiler had been well maintained it should have a service life of 40 years.

Mr A complained to us. He thought BG's original engineer purposely damaged the appliance to force him to replace it and earn some commission. He said BG had been criticised in the media a few years ago for misleading older consumers and in 2012 BG had wrongly told him his heating system was irreparable. He now believes BG has an unwritten policy to 'terminate' appliances coming to the end of their working life which may be a financial liability to BG.

When Mr A complained to us he wanted BG to pay the cost of the boiler repair, compensation for his and his wife's distress and inconvenience at the lack of hot water and heating and refund his policy premiums from June to November 2017 (when the policy ended). Shortly after, with winter approaching, Mr A bought a new boiler for about £5,000 and suggested BG pay overall compensation of £3,500.

While the complaint was with us BG accepted it had given wrong information about the original unit's part's availability and offered £1,000.

Ultimately our investigator thought BG's offer was fair for a contribution to the new boiler. But she also thought it should pay £250 for Mr A's distress and inconvenience and refund half the policy premiums from June to November 2017. BG said that totalled £1,373.30 and increased its offer to £1,500 in total to try to reach agreement.

Mr A doesn't accept BG's offer and wants an ombudsman's decision. He said the offer didn't take into account BG's very poor conduct. He would accept £2,500 in total.

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 think BG has now made a fair and reasonable offer to settle this complaint. I'll explain why.

Mr A suggests that BG used 'underhand' tactics to condemn his original heating unit for its possible financial advantage. I've seen no evidence that the work done by BG was designed to condemn Mr A's heating unit and no evidence to support Mr A's suggestion. BG says its engineer followed the correct procedure in getting the material tested for asbestos. As the presence of asbestos can have serious consequences I think it was reasonable for BG to have the substance tested and take steps to try to reduce the risk while the test results were unknown.

Mr A has mentioned that in 2012 he believes BG wrongly said his heating system was irreparable. As that service isn't the core of Mr A's complaint I don't have any detailed evidence about that service so I don't know why BG gave him that advice. In any event Mr A hasn't said he suffered a loss due to that advice. In response to his 2017 complaint BG told Mr A that its engineers don't earn commission on selling boilers, but get a nominal payment to cover their time of making phone calls. I've seen no evidence to support that BG acted in an 'underhand' way to Mr A but if he believes BG are systematically wrongly condemning boiler/heating units purely for its own profit then our investigator has given him contact details of the Financial Conduct Authority who he might want to contact.

BG has now seen the email J sent to its contracted engineer that attended Mr A. The email confirms the required insulation pads fitted inside the heat exchanger compartment were available. BG accepts it wrongly told Mr A the necessary part wasn't available which is why it offered to pay £1,000 towards the new boiler cost. I think that's a reasonable offer for several reasons.

BG's records say its staff contacted J and were told the part wasn't available. As BG was given the wrong advice about the part's availability then it could be said that BG acted reasonably on information it had been given and it wasn't at fault. Even if I thought it didn't act reasonably, J's engineer estimated £1,200 to repair the original heating unit. From what Mr A said that price may well have included the cost to replace a couple of the other heat shields which he was advised would be sensible to replace at the same time. So BG's offer is in the region of what it would have cost to have the original unit repaired.

Mr A chose not to have the original unit repaired and instead bought a new boiler, which at £5,000 cost considerably more than the repair. There's no basis for me to say BG needs to pay a large proportion of that cost. Under the policy terms Mr A would never have been covered for BG to provide a new boiler if the original unit couldn't be repaired as the original was over 10 years old. If BG hadn't been given the wrong information and had repaired the original Mr A would have had a working unit which, given its age, may have had a few more years lifespan when he would have needed to replace it anyway at his own cost.

If the £1,000 BG offered is towards the cost of the boiler then £500 is compensation for distress and inconvenience and the policy refund. Mr A has had some distress and inconvenience, which BG accepts. He and his wife were without hot water for about 10 days while the asbestos was being tested. As I said, I think the testing was reasonable and I don't have any evidence to show if the test result was unreasonably delayed. They had no heating

from June to November 2017 when Mr A got the new boiler and although heating may not have been required in the summer months they would have had some discomfort the later months. Our investigator detailed why she thought BG had given poor service in its complaint handling and BG hasn't given any response.

BG calculated that the policy refund our investigator recommended totalled £123.30. As our investigator recommended it refund half the premiums for June to November 2017, which I agree as the unit was still providing hot water, the refund may not be that much. But I need to decide whether BG has made a reasonable offer overall. So even if that calculation isn't right I'm not going to say BG should reduce its offer or whether the elements that make up the offer should be proportioned in a different way.

Overall, I think BG's offer of £1,500 in total for the compensation for the repair/boiler costs and the distress and inconvenience and premium refund is fair and reasonable.

my final decision

I partly uphold this complaint.

I require British Gas Insurance Limited to pay Mr A £1,500 in total as compensation for the repair/boiler costs and distress and inconvenience and premium refund, as it's now offered.

British Gas Insurance Limited must make the payment to Mr A within 28 days of the date we tell it he agrees my final decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 July 2018.

Nicola Sisk
ombudsman