

complaint

Mrs R's complaint is about the handling of her central heating insurance policy with British Gas Insurance Limited.

background

I issued a provisional decision on this matter in February 2019, part of which is copied below:

"Mrs R has held a policy with British Gas for around nine years. The policy includes an annual service of her boiler but she says she has never received any communication from British Gas about booking a service. In addition, she says the premiums had gone from £17 per month, to £20 per month and then recently to £27 per month without any notice to her. She says she has never received any documentation or correspondence from British Gas over the years about the policy, and only ever received her utility bills. She complained to British Gas when she received marketing material about a similar policy which cost only £10 per month.

British Gas confirmed that no annual service has been carried out since 2009. However, it says that it sent three reminders each year to Mrs R to ask her to contact it and book an annual service; and the policy specifically states that no refunds will be provided. It offered £65 and then increased to £100 compensation for the missed service for last year and offered a discount on the year's premium, as she said she was also unhappy with the premium charged.

One of our investigators looked into the matter and didn't recommend it be upheld. She was satisfied that British Gas had made a reasonable offer, as she was satisfied that British Gas had written to Mrs R about her annual services each year and with renewal terms. She also saw that the base rate premium for the policy had increased across the entire book of business (i.e. for all customers) and so the increase in premium for Mrs R was not unfair. The investigator said the alternative policy Mrs R had referred to was apparently for a maintenance contract and not the same as the policy she has.

British Gas accepted the investigator's assessment but Mrs R does not, so the matter has been referred to me.

my findings

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

The price increase is mainly due to the base rate increasing...[and therefore as the investigator said Mrs R was not treated unfairly compared to other customers].

The policy documents issued in February 2017 policy say:

"When your annual service is due we'll send you or your authorised contact an email, letter, text message or call you to arrange it. We'll try to get hold of you up to three times. If we don't hear back from you after the third time, we won't try again and won't refund the cost of the missed annual service. But you can still contact us at any time to book it."

However, British Gas has not demonstrated that this same policy wording was in every policy from 2009 onwards. It is my understanding that it was not in some of the earlier policies. In any event, even if it was, it seems to me that British Gas was aware the boiler had not been serviced for around nine years and so should have made other attempts to contact Mrs R about this. I don't consider it enough to have sent the same reminders in the same way year after year; this meant not only that Mrs R was not getting the full cover she was paying for but also that the integrity of her boiler might have been affected).

So while I have no reason to doubt the reminders were sent, it seems fair and reasonable to me that at least after a couple of years, British Gas should have tried to contact Mrs R by other means to see why she was not booking the service visits.

The cost of the annual service is apparently £65. Overall it seems to me that a refund of three years' annual service fee would be fair and reasonable, which would equate to £195. This should be paid in addition to the £100 already offered.

my provisional decision

I intend to uphold this complaint against British Gas Insurance limited in part and require it to pay Mrs R £195 compensation, in addition to the £100 already offered."

responses to my provisional decision

I invited both parties to respond to my provisional decision with any further information or evidence they want considered.

British Gas has responded and confirmed it does not accept my provisional decision. It has provided records of a telephone call with Mrs R in September 2012 in which the annual service was discussed and Mrs R said she would call back to arrange this. British Gas has also provided copies of its terms from 2012, 2013 and 2015, which state that it will contact the policyholder around the time the annual service is due, which it did. It says it has fulfilled its obligations in contacting Mrs R each year but she failed to make arrangements for the services to be carried out.

Mrs R has also responded and confirmed she does not accept my provisional decision. Mrs R has made a number of points, summarised below:

- the amount I proposed to award is not enough, given the amount she has paid for the policy since she has had it.
- She questions how the figure of £65 was arrived at.
- She never received any reminders.
- She questions why she would have been sent marketing material for similar cover, when she believed it was already part of her cover.
- She remains unhappy with cost increases - especially on the basis that she is paying more for the same service than a new customer.

my findings

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

The relevant extracts provided by British Gas from the earlier policy terms are as follows:

August 2012: *"I think my Annual Service is due but I haven't heard from you. A On or around the anniversary date of your last Annual Service we will contact you in writing, by email or by phone to arrange a suitable appointment. This may happen earlier or later than you expect if there has been, or we expect there to be, a lot of demand for breakdown repairs."*

August 2013: *"Q I think my Annual Service is due but I haven't heard from you? A On or around the anniversary date of your last Annual Service we will contact you in writing, email or by telephone to arrange a suitable appointment."*

October 2015: *"When your annual service is due we'll send you an email, letter, text message or call you to arrange it. We'll try to get hold of you up to three times. If we don't hear back from you, we won't make another attempt, but you can contact us at any time to arrange your annual service."*

British Gas says it fulfilled its obligations and contacted Mrs R each year around the time the services were due and it didn't need to do anything else. Mrs R says she never received any reminders or any communication about the policy cover at all but I consider this unlikely and there is some evidence to support what British Gas says about this. I accepted that it was likely British Gas had therefore contacted Mrs R regarding the annual services but I set out in my provisional decision why I thought it should have done more, given its records would have shown that no service had been carried out for a number of years.

The policy extracts above also show that until 2017, the policy didn't say anything about any refund for the cost of the annual service if it were not carried out.

Having considered all the evidence again, I remain of the opinion that it would be fair and reasonable for British Gas to refund the cost of three annual services. The 2015 and 2017 policies set out that the cost of the annual service is £65 and so this is a total of £195.

With regard to the price increases, as the investigator confirmed these were mainly as a result of a rise in the base price of the cover and so Mrs R had not been treated unfairly compared with other customers in similar positions as hers. Mrs R says that new customers would be charged less but businesses are entitled to offer incentives, such as discounts, to attract new customers. I am also satisfied that Mrs R was informed when the price was increased and would therefore have had the option to decline the policy, if she didn't want it at the price proposed.

my final decision

I uphold this complaint against British Gas Insurance limited in part and require it to pay Mrs R £195 compensation, in addition to the £100 already offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 9 May 2019.

Harriet McCarthy
ombudsman