

complaint

Mr B's complaint relates to his insurance policy with British Gas Insurance Limited.

background

Mr B pays monthly for the policy with British Gas. The policy benefits include an annual service of his boiler. Mr B says that he has not had his boiler serviced for the last two years and not received any service from British Gas at all. He therefore wants the total premiums (around £300 per year) he has paid for the last two years refunded.

Mr B's policy ran from July to July each year and the boiler was last serviced in September 2015. So he did receive that benefit in that policy year. The policy then renewed in July 2016 and another service was due for that year (i.e. between July 2016 and July 2017). This service was apparently booked in for early January 2017 but Mr B had to cancel it because he was ill and it didn't take place.

Mr B cancelled the policy in January 2018, as he was unhappy with the level of service from British Gas.

British Gas says the service was carried out for the year 2015/2016. A service was then booked for 3 January 2017 (within the policy year 2016/2017) but this was cancelled by Mr B). As this one had not been carried out, it offered a refund for the annual service that was not carried out in the 2016/17 policy year, of £65. But it said that as he had not paid the full year's premiums for the year July 2017 to July 2018, no refund is due for that year's service.

Mr B says it's unfair to only receive £65 when he has had no service from British Gas at all for the approximately £300 a year he's paid it.

One of our adjudicators looked into the matter. She was satisfied that the refund for the year 2016/17 was reasonable. The adjudicator also said that as Mr B had the benefit of the insurance cover, even if the service wasn't completed, British Gas didn't need to refund the entire year's premiums. The adjudicator did however, consider that the premiums Mr B had paid from July 2017 to January 2018, when he cancelled the policy, were part payment towards the annual service part of the policy as well as the cover side. The adjudicator therefore recommended that British Gas also pay a pro rata refund for the annual service part of the policy. She did not quantify this the annual service costs £65, and he had paid six or seven months premiums at the time he cancelled, so a pro rata refund of that element of the premiums would amount to £32.50 - £38.

Mr B didn't accept the adjudicator's assessment. He wants the additional £65 refunded as well, so a total of £130.

As the adjudicator was unable to resolve the complaint, it has been passed 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.

Mr B did not receive the benefit of the annual service he had paid for in the policy year July 2016 to July 2017. It is right therefore that this part of the policy premium be refunded. British

Gas says this is £65. Mr B disputes the amount but it is set out in the policy documents that this is the amount of the premium that is for the annual service. And even though Mr B might not have had to claim under the policy, he did have the benefit of the insurance cover in place which is what the rest of the premiums was for.

Mr B also says he should have £65 back from the premiums he paid for the year July 2017 to January 2018. He would have been due an annual service in or around September 2017 but one wasn't booked in.

I agree with the adjudicator that it would not be reasonable to require British Gas to refund the full equivalent cost of the annual service, when Mr B received the benefit of the insurance cover for that period and he has not paid for the full year. I also note that the fact the annual service wasn't done was not necessarily due to anything British Gas did wrong.

I therefore agree that a pro rata refund is appropriate. As mentioned, this has not been quantified but I would require British Gas to pay a total of £105, including the £65 already offered. I understand British Gas already sent a cheque for this amount but am not sure if this has been cashed yet or not. If it has then it need now only send the balance.

my final decision

I uphold this complaint and require British Gas Insurance Limited to pay Mr B the total sum of £105.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 April 2018.

Harriet McCarthy
ombudsman