

complaint

Mr J complains that British Gas Insurance Limited overcharged him for a home care insurance policy.

background

Mr J had a British Gas policy which covered his central heating, plumbing and drains. But in March 2016 he got a new central heating boiler with 12-months free insurance. He complained that – on several occasions - British Gas took too much money by direct debit.

Our investigator recommended that the complaint should be upheld in part. He didn't think that British Gas did enough to make the true cost of the insurance policy clear to Mr J. The investigator recommended that British Gas should:

1. refund Mr J £133.00;
2. add 8% statutory interest;
3. pay Mr J £100 for trouble and upset.

Mr J disagrees with the investigator's opinion in part. He says, in summary, that British Gas caused him upset and took further overpayments from April 2017.

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 J had a policy which ran from mid-January 2016 for one year. From the initial letter, I see that this was going to cost him £312 per year, at £26 per month. About three quarters of this was for central heating cover and the remaining quarter was for plumbing and drainage cover.

But there was an important change from 10 March 2016. Mr J got a new boiler with twelve months' guarantee. So from that time the insurance should've changed in his favour. The central heating cover should've become free of charge.

He still had to pay for plumbing and drainage cover for the whole year.

But I don't think British Gas implemented that change until after Mr J got in touch.

I find it likely that British Gas took £26 in January, February, March and April 2016 – a total of £104.

In late April 2016 British Gas wrote to Mr J saying that the yearly charge was as follows:

<i>"Plumbing and Drainage Cover</i>	<i>£84.00</i>
<i>...</i>	
<i>products removed from agreement</i>	<i>£35.38</i>
<i>Total Annual Charge</i>	<i>£119.38"</i>

I think British Gas was saying that instead of paying for twelve months central heating cover (about £230), Mr J only had to pay about £35 for the period 15 January to 10 March.

I think the reduced total annual charge of about £119 was fair and reasonable.

By late April 2016 Mr J had already paid about £104. So he only had about £15 to pay. I think that's why British Gas also said that his direct debits would reduce to about £1.90 for the next eight months.

But – from its file - I think British Gas took about £61 in May 2016. I don't think it should've done.

Mr J complained and British Gas wrote a final response. It refunded the over-payment of about £61. It reiterated that the monthly payments were £1.92.

But British Gas charged Mr J £20.92 per month for the seven months June to December 2016. I think that was over-charging.

In December 2016, British Gas sent Mr J a renewal letter for the year from mid-January 2017. It said that the central heating insurance was free of charge. The charge for plumbing and drainage had gone up to £93 a year, that is about £8 per month.

But the letter also said Mr J's boiler guarantee would expire in March 2017.

And I've seen a communication British Gas sent to Mr J in February, saying that the charge for central heating cover would be about £180 from April 2017.

So I don't think British Gas overcharged Mr J by collecting about £28 per month from April 2017.

But I've found that British Gas overcharged Mr J £19 for each of the seven months from June 2016. That's a total of £133.

I will order British Gas to refund Mr J each of his seven overpayments of £19, a total of £133.

I will also order British Gas to pay interest on each such amount from the date Mr J paid it to the date it refunds him.

I'm not satisfied that British Gas dealt with Mr J's account or his complaint as clearly as it should've done. I think its mis-handling has caused Mr J some upset and put him to some trouble in pursuing a refund. So I find it fair and reasonable to order British Gas to pay Mr J £100 for trouble and upset.

my final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I order British Gas Insurance Limited to:

1. refund Mr J £133.00 for his seven overpayments of £19 from June to December 2016;
2. pay Mr J simple interest at a yearly rate of 8% on each of such overpayments from the date he paid it to the date British Gas refunds it. HM Revenue & Customs

requires British Gas to take off tax from this interest. It must give Mr J a certificate showing how much tax it's taken off if he asks for one;

3. pay Mr J £100 for trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 9 October 2017.

Christopher Gilbert
ombudsman