

complaint

Mr H complains British Gas Insurance Limited didn't make it clear his policy would no longer cover problems to do with his heating system circulating water.

background

Mr H contacted British Gas in January 2017 after noticing water leaking from a radiator. A British Gas engineer stopped the leak but said Mr H's policy wouldn't cover a repair because he was told to get a 'powerflush' in 2014 and he didn't get it done.

Mr H previously had a problem with a leak in November 2014 and after completing a substantial repair, British Gas' engineer noted the heating system needed a powerflush. He also recorded on the job sheet given to Mr H that 'water related parts' wouldn't be covered by the policy going forward.

Mr H's policy renewed automatically in December 2014 and ahead of this, British Gas sent a renewal letter in November 2014 to let him know. The letter explained under the heading 'HomeCare 200':

- *Unfortunately, we can't cover sludge or scale damage if we've already identified this as a potential issue with your system...*

Mr H's policy renewed again in December 2015 and December 2016 and the letters British Gas sent in advance explained also under the heading 'HomeCare 200':

- *We won't remove sludge and scale or repair any damage it causes if we tell you it might be a problem for your boiler or system.*

Unhappy that the repair of his radiator wasn't covered, Mr S complained to British Gas and then to this service. Our investigator looked at it and thought British Gas should consider a claim for the repair because service calls in 2015 and 2016 didn't highlight the system needed to have a powerflush.

British Gas disagreed with our investigator's opinion. It explained that in 2015 it fixed a problem with Mr H's boiler unrelated to the system needing to have a powerflush. So it wouldn't have repeated the advice to have it done. It said it also shows the policy still provided a level of cover whilst maintaining the 'what's not covered' terms set out under central heating section of the policy document.

I issued my provisional decision on this complaint at start of November 2017. I said that I didn't intend to uphold it.

In summary, I considered whether British Gas should refund Mr H's premiums from the 2014 renewal until he cancelled the policy in 2017. This was because Mr H argued British Gas didn't do enough to bring to his attention the fact that he wasn't covered for problems to do with his heating system circulating water.

The terms of Mr H's policy set out that it didn't cover:

*'Damage caused by limescale, **sludge** or other debris, if we've told you before that you need to carry out **repairs**, improvements or a **British Gas Powerflush**, or a similar process, but you haven't done so.'*

It defined 'sludge' as:

*'the natural build-up of deposits in your boiler or **central heating** system, as your pipes corrode over time.'*

I thought the term was a significant restriction on the cover and one which I'd expect British Gas to bring to a policyholder's attention. I looked at the letters British Gas sent Mr H in advance of his policy renewing did warn of the limitation when setting out the level of cover. I noted the 2014 letter was dated 10 days before British Gas attended Mr H's property to deal with a leak from his boiler and a radiator. The engineer completed a checklist and noted he'd advised Mr H no more water related parts were covered under his policy and about signs of corrosion on CHB (central heating boiler).

Mr H told our investigator he was 'constantly receiving mixed messages' from British Gas' engineers. He said some said a power flush was required, another suggested re-piping and a third the engineer suggested a new boiler and re-piping. I thought the advice and recommendations Mr H was given pointed to an underlying problem caused by a build-up of sludge, regardless of the best way to fix it.

The timing of the 2014 renewal letter came at around the same time as the sludge problem came to light. As it was something he was dealing with at the time, I thought Mr H ought to have known about the restriction on the cover available to him going forward – whether he relied on the information in the renewal letter or on what he was told by British Gas' engineers. So, I found that Mr H was given enough information for him to make a properly informed decision about the policy he was renewing.

I also noted British Gas attended Mr H's property again in 2015 to deal with another problem with his boiler and completed a further repair. So I was satisfied British Gas remained on risk each year Mr H renewed his policy and he could've benefited from the cover should he have had further problems, unrelated to his heating system circulating water.

Taking all of this into consideration, I didn't think it was fair or reasonable to tell British Gas to refund the premiums Mr H paid from 2014 onwards.

I invited both parties to let me have anything they thought was relevant in response. Both Mr H and British Gas confirmed receiving my provisional decision. But neither party provided anything further for me to think about.

my findings

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

As both parties have confirmed receiving my provisional decision and haven't provided anything further for me to think about, I see no reason to alter the conclusions I reached in my provisional decision. And I still don't think it is fair or reasonable to tell British Gas to refund the premiums Mr H paid from 2014 onwards.

my final decision

For the reasons given here, and in my provisional decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 December 2017.

Stefan Riedel
ombudsman