

complaint

Mr S complains that British Gas Insurance Limited acted unfairly and unreasonably when carrying out repairs under a home emergency policy. He wants compensation.

background

Mr S had a home emergency policy with British Gas, which covered repairs required to his property's plumbing. In October 2018, Mr S had an issue with an upstairs toilet (situated above the kitchen), which was repaired by British Gas. But a month later, the kitchen ceiling collapsed and Mr S said that the collapse was caused by a leak from the same part of the toilet repaired by British Gas. The entire ceiling had to be removed and there was water damage to the property. Another insurance policy is dealing with the resulting claim.

Mr S complained to British Gas, and said that he should get compensation as it affected their Christmas plans. It said it had let Mr S down and its workmanship had been poor. British Gas said it was working with the other insurer involved and paid Mr S £50 for the trouble and upset caused.

Mr S complained to us, noting that the damage affected his wife's business and reduced his income temporarily as he'd had to cancel work to deal with the consequences of the collapse of the ceiling. British Gas confirmed that it would also pay the excess for the other insurance policy if it was found to be liable when dealing with the other insurer, though it later told this service that it was liable.

The investigator's view was that British Gas had now accepted liability for the leak which caused the damage (being dealt with by the other insurer). She thought it was fair and reasonable for it to pay for the financial losses suffered by Mr S' wife (who was unable to work from home and had to refund £368.40 to her clients), together with interest at 8% simple a year from the date she refunded the clients to the date British Gas refunded her. The investigator didn't think Mr S' lost income should be refunded as she thought he was likely to have done the work later and could reschedule. But she said the compensation for trouble and upset should be increased to £500 as Mr S had to deal with builders, building work and visitors due to the leak. The investigator also noted that British Gas would refund the £250 excess for the other insurance policy when dealing with that insurer.

Mr S accepted the investigator's view, but British Gas didn't. It offered £250 as a gesture of goodwill. This service sent evidence of Mr S and his wife's lost earnings to British Gas, who changed its offer to £368.40 for financial loss and an additional £150 for inconvenience. This offer was rejected and this service confirmed that it thought the investigator's view was fair. British Gas offered to add interest to the financial loss claim and another £50. This offer wasn't accepted.

my findings

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

British Gas has accepted that it's at fault and caused the leak, which led to significant damage and disruption. Another insurer is dealing with the damage, and I understand that the insurers are liaising over the excess fee for the other insurance policy. As British Gas has accepted liability, I would expect the excess to be dealt with at its expense.

The core of this complaint is therefore about the financial losses caused by the poor workmanship and compensation for trouble and upset. Having considered the evidence, I think Mr S simply rearranged his work and hasn't suffered financial loss. But it's also clear, as British Gas accepts, that Mr S' wife was unable to carry out her work at home due to the leak and damage, and has shown she refunded the affected clients. The financial loss is £368.40, and it's fair and reasonable for this to be refunded by British Gas, together with 8% simple interest a year from the date Mrs S refunded the clients to the date British Gas refunds the money.

The parties are divided on the subject of compensation for trouble and upset. British Gas now accepts that £50 isn't fair or reasonable. Mr S and his family, due to British Gas' failure, has suffered shock and upset at their ceiling collapsing, have had their Christmas plans affected, dealt with various visitors and builders attending their property and the inconvenience of the actual repair works, and had their work affected. While money never truly compensates for trouble and upset, bearing in mind all the circumstances and the evidence, I think a total of £500 compensation is fair and reasonable (this includes the £50 already paid).

my final decision

My final decision is that I uphold the complaint and British Gas Insurance Limited should pay Mr S £368.40 plus interest as outlined above for financial loss and £500 for trouble and upset (minus £50 already paid until the cheques can no longer be honoured). Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 August 2019.

Claire Sharp
ombudsman