

complaint

Mr R complains that he was mis-sold an insurance policy by British Gas Services Limited.

background

I issued my provisional decision on this matter in October 2015, an extract from which is copied below:

“Mr R held a central heating insurance policy with British Gas, which covered his boiler and the rest of the central heating system, plumbing and drainage. In October 2013, around the time his policy was due for renewal, Mr R had his boiler replaced. He discussed this with British Gas and it said that his premium would be reduced, as the boiler was under the manufacturer’s warranty. The reduction in premium was around £12.

Mr R says the documentation he received said that the cover he had was the same as he’d had previously and still covered breakdowns of his boiler. And British Gas serviced the boiler in late 2013.

However, when the policy renewed in 2014, his premium increased by around £130 (the total premium was much more than the previous year and the years when he’d had his old boiler). British Gas couldn’t explain why it had gone up so much and also told Mr R that it hadn’t been insuring his boiler for the previous 12 months, as it was still under warranty.

British Gas says that in 2013 it changed Mr R’s policy to a ‘boiler retention cover’ policy which provided cover for the central heating system but not for the boiler itself, and would include an annual service of the boiler. It says that it can only offer that for a year and it’s designed to run alongside a manufacturer’s warranty and doesn’t invalidate it. After a year it offered the Homecare 200, central heating cover that provides cover for the boiler as well as the rest of the central heating system.

British Gas then told him it couldn’t service the boiler in 2014, as there was an audit underway about its servicing of boilers that were still under manufacturer’s warranty, British Gas said that it couldn’t continue to provide cover because of this and cancelled his policy.

Mr R says that £177 of the £207 premium paid in 2013 was for boiler cover and that this was mis-sold to him, he wants this refunded to him. In support of this he says:

- *he wasn’t told the boiler wasn’t insured when he renewed in 2013 and why would British Gas service the boiler that it wasn’t covering?*
- *Why send renewal documents when it couldn’t provide cover?*
- *He was told by the boiler manufacturer that any insurance cover would invalidate his warranty and so British Gas should never have sold him a policy in 2013.*
- *If he hadn’t contacted British Gas about the premium in 2014, it would have renewed a policy that wouldn’t have covered him.*
- *A letter sent in response to his complaint was sent to the wrong address.*

British Gas denies that the policy sold in 2013 was mis-sold. It did, however, pay £50 compensation for its delay in responding to his complaint.

One of our adjudicators looked into the case. She didn’t think it should be upheld. She thought that Mr R could have claimed under the policy issued in 2013; and the policy issued

in 2013 (although still called Homecare 200) didn't say it included boiler and controls, whereas the documents sent in the year before that, and in 2014, said it covered the central heating system and the boiler and controls.

Mr R didn't agree. He says that British Gas doesn't sell a policy that only covers the radiators and not the boiler and controls. It does sell Homecare 100, which only covers the boiler and controls, not the radiators. The documentation he received in 2013 and later was for cover of the central heating system which would include the boiler; he wasn't sold a 'boiler retention cover' policy in 2013, he was sold a Homecare 200 policy (which is what he has always had). This is a standard policy and the renewal documents said it was to renew the same cover as previously – including the boiler – it didn't say that the boiler cover was a new addition to cover.

Mr R says that the cost of the policy each year substantiates his position: in 2011 when his boiler was 16/17 years old and fully covered the premium was £170; in 2013 it was £225 and after the boiler was replaced and supposedly not covered, it was £177. This is very high if the boiler wasn't covered at all.

Mr R says he takes this cover primarily for the boiler cover and so he couldn't have benefited from the 2013 policy at all – even if he had done it would have invalidated the manufacturer's warranty.

Mr R wants the premium for 2013 to be refunded and compensation for the errors made in selling the policy.

my provisional findings

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

Those selling insurance have a responsibility to provide clear information about the cover being provided, the cost and any significant terms or conditions. The information provided to the buyer must put them in a position to make an informed decision about whether or not to take the policy.

Mr R clearly didn't realise that the policy issued to him in 2013 didn't cover the boiler. While I accept that the policy didn't cover the boiler, as closer examination of the documents confirms that, it doesn't seem to me to be sufficiently clear from the documents sent to Mr R at the time.

The levels of cover normally offered by British Gas, as Mr R rightly points out, don't include an option for the radiators but not the boiler. And the policy sold to him in 2013 was still called Homecare 200, which in other documentation is described as including boiler cover. There was no indication in any of those documents that it was a 'boiler retention policy'. This seems to be terminology that was only used once the complaint was raised.

I therefore agree that British Gas didn't make it sufficiently clear that the cover issued in 2013 was reduced and his boiler wasn't covered.

This didn't make the policy completely unsuitable or useless – Mr R's central heating system (essentially the radiators) were still covered. And he had the boiler serviced.

Mr R has said that his main reason for taking the cover with British Gas was for the boiler cover and therefore that he wouldn't have taken it if he'd known the boiler wasn't covered. This seems credible to me. As Mr R has said, the premium was higher than he'd paid in previous years but for a much reduced level of cover. Therefore it seems likely to me that Mr R wouldn't have taken the policy if he'd known this.

I therefore consider that British Gas should refund the premium paid for the 2013-2014 policy, together with interest at 8% simple per annum. British Gas will say that it serviced the boiler under the policy and therefore Mr R has received a benefit under the policy. However, the boiler was brand new, it didn't really need servicing at that point. British Gas can't therefore deduct any payment for this from the refund.

I also consider that British Gas should pay a further £50 compensation for the inconvenience and trouble caused by the mis-sale of the 2013 policy; the withdrawal of the offer to insure him in 2014; and the error with his address.

my provisional decision

I intend to uphold this complaint against British Gas Insurance Limited and require it to:

- refund the 2013 premium together with interest at 8% simple per annum from the date Mr R paid the premium to the date of reimbursement; and*
- pay £50 compensation (in addition to the £50 already offered) for the inconvenience and trouble caused to Mr R by this matter. “*

developments

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

British Gas has responded and confirmed it doesn't have anything to add.

Mr R has also responded. He confirms he accepts my provisional decision but had one comment he thinks should be noted in my final decision and one question, as follows:

- He says that the £50 originally offered to him by British Gas in February 2015 wasn't sent out to him until he chased it five months later. He finally received it in July 2015. This is another example of British Gas' lack of attention to detail.
- I stated in my provisional decision that closer examination of the documents sent to him show that the boiler wasn't covered but he would be interested to know where in the policy this is stated, as he can't see it.

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.

As stated in my provisional decision, I think the documents provided to Mr R were unclear. The policy issued in 2013 was still called Homecare 200, and other documentation describes this as including boiler cover. However, the renewal from British Gas sent before it knew Mr R had changed his boiler specified that this included the boiler and controls, whereas the one sent that was issued didn't. I accepted, for the purposes of this decision, therefore that the policy issued to him didn't include the boiler (even though it is far from clear). However, I note Mr R's point that the full policy document defines "central heating system" (which his renewal did specify was covered) as including the boiler; and that British Gas doesn't normally offer a policy that only covers the radiators. That is why I didn't think that the position was clear enough.

I also note that it took British Gas almost six months to send Mr R the compensation it had offered for the delay in dealing with his complaint. I can understand why this compounded his frustration. If a business has acknowledged that there have been errors and offered compensation, it does nothing to help restore relations to delay for so long in sending that.

As neither party has disputed the findings reached in my provisional decision, I see no reason to change them. British Gas should make the payments set out below within a reasonable time.

my final decision

I uphold this complaint against British Gas Insurance Limited and require it to:

- refund the 2013 premium together with interest at 8% simple per annum from the date Mr R paid the premium to the date of reimbursement; and
- pay £50 compensation (in addition to the £50 already offered) for the inconvenience and trouble caused to Mr R by this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 14 December 2015.

Harriet McCarthy
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