

complaint

Mr B complains that British Gas Insurance Limited ("BGI"):

1. over a number of years when it was servicing his central heating boiler under his home emergency insurance policy failed to warn him that it was suffering from a corrosion issue that could result in it having to be replaced at any time; and
2. pressured him into buying a replacement boiler from an associate company at an inflated price.

background

Mr B has had a home emergency insurance policy with BGI covering his central heating boiler for a number of years. In March 2019 he noticed there was a slight leak coming from his boiler and called on BGI under his policy. BGI's engineer found that corrosion had caused a hole in the boiler casing making it unsafe. He therefore closed down the boiler and capped it off. A second BGI engineer confirmed this diagnosis.

Because of the age of the boiler, a replacement casing wasn't available. So BGI said a new boiler would have to be fitted. BGI arranged a quote from an associated company. Mr B accepted this and the new boiler was fitted.

Mr B complained to BGI. He said its engineer told him the corrosion had been building up over a long period of time. Mr B thought if this was so, BGI's engineers should have noticed this at the time of each annual service. They should have done something to stop it and/or warned Mr B about it.

If this had been done, the problem would have been sorted and his boiler would still have been working. Alternatively, he would then have been in a position to consider replacing the casing earlier when this was possible, instead of suddenly having to replace the whole boiler.

BGI said its records showed Mr B had been told about the corrosion as long ago as 2013, and on each annual service since then, although it acknowledged this wasn't mentioned on the job sheets signed and left with Mr B. Mr B said he was only told in general terms that certain parts for the boiler were no longer available and so he should consider replacing it.

Mr B also complained that BGI had pressured him into accepting a quote from its associated company which he felt was overpriced. BGI denied this and said he had been free to get alternative quotes elsewhere.

Our adjudicator said the sale and installation of new boilers wasn't an activity which was regulated by the Financial Conduct Authority and so wasn't within the jurisdiction of this service. So he wouldn't consider further Mr B's complaint about the sale to him of the replacement boiler.

However, he recommended that the other part of Mr B's complaint should be upheld in part. He said BGI's notes mentioned the presence of rust following some repair work in January 2013, and these notes indicated that the boiler was classified as "At Risk". However, he couldn't see that rust or corrosion had been noted again until the service visit in March 2019.

While he could see that a new boiler had been recommended on several previous occasions there were no notes as to why the recommendation was made. Given that the annual service documents left with Mr B in 2013 (which was only two months after corrosion was noted) made no mention of such corrosion, and as BGI's notes made no further mention of it, he couldn't reasonably conclude that Mr B had been made aware of the ongoing issue with the corrosion, or of the consequences of this.

However, he couldn't say this would have made any difference to the situation as if BGI had been making him aware they wouldn't have been obligated under the policy to replace the casing until it became an issue with the safety of the boiler.

Given that the reason Mr B contacted BGI in March 2019 was for a leak, and the last attendance before that was in April 2018 it was also possible that this leak was the cause of the boiler failure, rather than something that had been progressing since 2013.

In view of this, the adjudicator didn't recommend that BGI contribute towards the cost of the replacement boiler. He did recommend that BGI should pay Mr B compensation of £200 for failing to make Mr B clearly aware of the corrosion issue.

BGI didn't agree any compensation was merited. It responded to say, in summary, that:

- it was unclear how long this leak had been ongoing;
- BGI didn't cause the leak, and it wasn't present on the last occasion BGI's engineer visited the property in April 2018; and
- for six years before March 2019 BGI had recommended that Mr B replace his boiler, but he had chosen to ignore this advice.

The adjudicator said that from what BGI was now saying, there seemed to be two possibilities in this complaint:

1. that the corrosion had been an ongoing matter since 2013, and the latest leak was the final point of failure, but BGI hadn't made Mr B aware of this as it had claimed; or
2. that there was no issue of corrosion until March 2019 when it was caused by a leak that had begun in the 11 months since the last visit. However, this meant that BGI had been giving incorrect information to Mr B when making the diagnosis and investigating the matter by telling him that the corrosion had been ongoing and that he had been regularly told about it.

Given that corrosion was recorded by the engineer in 2013, he considered the first possibility to be the most likely. However, in either scenario he felt BGI had caused Mr B distress as he hadn't been given correct information. So he continued to recommend that BGI pay Mr B £200.00 compensation.

As BGI didn't accept the adjudicator's recommendation, this complaint has been passed to me to issue a decision.

my findings

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

As the adjudicator said, issues arising from the sale and installation of new boilers aren't within our jurisdiction. So I won't say anything more about that part of the complaint in this decision.

I think Mr B raised very fair questions with BGI about why he wasn't warned about the corrosion, which had apparently been building up over a long period, before BGI's engineer suddenly condemned his boiler. BGI's answers didn't satisfy Mr B, and I still don't think it's clear exactly what happened.

I think the adjudicator neatly summarised the two possibilities of what had happened. If the second possibility is correct, I think BGI has been guilty of misleading Mr B, which has caused him distress and lengthened the period of his complaint.

Like the adjudicator, I think on balance the first possibility is the more likely. In this case, I think BGI should have done more to bring the corrosion, and its likely consequences, to Mr B's attention so that he could better consider his options in a timely manner.

Whichever possibility is correct, I don't think BGI has treated Mr B fairly. It has caused him distress and inconvenience for which it's right that it compensates him. I agree that the appropriate figure for this compensation is £200.

However, like the adjudicator, I don't think it would be reasonable for me to require BGI to contribute towards the cost of the replacement boiler. It was always going to need replacing at some stage, and allowing it to continue until it finally failed, rather than incurring costs at an earlier stage, might well have been the most economic solution. So I make no order in this respect.

my final decision

My decision is that I uphold this complaint in part, and order British Gas Insurance Limited to pay Mr B compensation of £200 for the distress and inconvenience it has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 October 2019.

Lennox Towers
ombudsman