

complaint

Mr M has complained about a central heating insurance policy provided by British Gas Insurance Limited.

background

Mr M held plumbing and drains, home electrical and kitchen appliance insurance cover with British Gas. On 26 January 2018, he contacted British Gas to discuss cover for his central heating system, which was faulty. British Gas apparently told Mr M that the Air Source Heat Pump ("ASHP") which provides his home with heat, wasn't covered but it could be added to his policy (for an additional £23 per month) and a repair carried out for a fixed fee of £99.

An engineer attended that evening to look at the ASHP and confirmed there was an electrical fault and said he would return to complete a repair. However, after Mr M chased up British Gas he was told the repair would not be done and it could not provide cover for the system.

Mr M is very unhappy about this and has asked that British Gas carry out the repair; provide cover according to its promise for a year free of charge; and compensate him for the additional electricity used to heat his property.

Mr M also made a claim for a leaking toilet in early 2018 and says that as a result of the repair not being completed properly, there was water damage to his ceiling. He has asked for £160 towards the repair of the ceiling. Mr M is also very unhappy that British Gas failed to respond to his complaints.

British Gas says it can't provide cover for ASHPs. It says it made it clear to Mr M that it would assess if it could cover the system when the engineer attended and if it couldn't do the repair/cover it, he would not be charged. It does not cover ASHPs, as they are not standard domestic heating systems and require specialist repairers. The first engineer assessed it on 26 January 2018 and said it could not be covered. It sent another engineer for a second opinion. British Gas did, however, offer £50 compensation for the handling of the matter.

British Gas initially said it was not responsible for the water damage to Mr M's home but it has now paid Mr M the £160 claimed. I don't therefore need to make any findings about this part of the complaint.

British Gas also disputed that we have the relevant jurisdiction to consider the complaint, on the basis that there was no contract between it and Mr M in relation to the ASHP. I considered the jurisdiction issue separately and issued a decision that we do have jurisdiction to deal with the potential sale of the policy.

One of our investigators looked into the matter. He acknowledged that British Gas apparently told Mr M that cover for this could be added to the policy but this is not correct and the investigator didn't think it should be bound by this, given that it does not provide cover for such heating systems. Our investigator acknowledged that this must have been disappointing for Mr M but he didn't think British Gas had acted unreasonably.

British Gas accepts the investigator's assessment but Mr M does not, so the matter has been referred to me. Mr M says that British Gas made a verbal contract with him, which was

confirmed at a managerial level; by offering compensation, British Gas has accepted liability and it also ignored his complaint and failed to follow its own guidelines about this.

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 agreed to come out and try and repair the pump. It says it made it clear to Mr M that it might not be able to do so and that a final decision would be made by the attending engineer. Mr M disputes this and says it is bound by its verbal agreement. Even if I accept that it did not warn him that it might not be able to do the repair and cover the system going forward, I do not agree that British Gas is bound by this.

British Gas says it doesn't have the expertise to deal with this type of heating system and no policy was issued. Insurers are generally entitled to decide what cover they want to provide. I can't reasonably direct that British Gas provide insurance cover for a heating system that it cannot repair.

As I do not consider that British Gas is responsible for the AHSP not being repaired, it is not responsible for any increased electricity costs, or other consequences of it not working. His position in this regard was not changed by anything British Gas did.

However, I do consider that British Gas should have told Mr M that it was unable to cover the heating system sooner than it did. I agree that the £50 already offered as compensation is reasonable in all the circumstances.

British Gas also failed to respond to Mr M's complaints in a timely manner however it did tell him that he was entitled to bring his complaint to us, within the timescale that it is required to do so. So while I can understand the frustration of not receiving a substantive response from British Gas, I am unable to make any order or award in relation to this.

my final decision

I don't uphold this complaint, as I consider British Gas Insurance Limited has already made a reasonable offer in settlement. If Mr M wishes to accept the offer of compensation, he should confirm acceptance of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 March 2019.

Harriet McCarthy
ombudsman