

## **complaint**

Mrs R complains that British Gas Insurance Limited ("BGI") won't make a contribution under her home emergency insurance policy towards the cost of emergency repairs which she asked a third party to carry out.

## **background**

At 6.00 pm on a Friday evening at the end of the Christmas/New Year holiday period Mrs R found that her hot water cylinder was leaking, and her bedroom carpet and airing cupboard floor were already wet. She had held a home emergency policy with BGI for several years. However to minimise further damage she called a local plumber.

He arrived at her house within twenty minutes and drained and removed the cylinder. He sourced a replacement cylinder which he came and fitted the next morning. He charged Mrs R £648 for this work. Mrs R asked BGI if it would contribute to this cost under her policy. BGI said that the work would certainly have been covered by her policy. But because she hadn't given BGI the opportunity to carry out the work it wouldn't make any contribution.

Our investigator asked BGI what the cost to it would have been if it had arranged a call out to attend to the leak. It said that it would have incurred a standard call out charge of £105, irrespective of how complicated the leak had been to cure and how long it had taken.

The investigator said it was reasonable that BGI pay this amount to Mrs R, plus interest from 6 February 2017, which was one month after the claim arose. This would leave it in the same position as if it had attended to the leak under the policy.

BGI didn't agree. Mrs R chose not to contact BGI before she spoke to her local plumber. So it didn't think it should have to contribute towards the cost. It pointed out that its policy terms included the following exclusion:

*"Cash in lieu*

*We won't offer you cash instead of carrying out an annual service, repairs or replacements."*

The investigator said that it wasn't the case that Mrs R was asking for cash *instead of* a repair. The repair had been carried out, and Mrs R was now out of pocket. Also, this service would look beyond the strict policy terms to see what was fair in the circumstances. If BGI made a contribution of the £105 call out cost, it would be no worse off.

BGI said that the policy was set up to arrange service and repair visits within the policy terms. The policy didn't provide for the reimbursement of third party costs instead of BGI carrying out the work itself. Mrs R should have contacted BGI if she wanted to utilise her policy.

## **my findings**

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

Mrs R had paid BGI for cover under her policy for a number of years. However I can understand why on this occasion Mrs R chose to contact a local plumber who she knew would attend immediately and stop further damage to her house.

BGI says it wasn't given the opportunity to attend and do the work under the policy. And the policy isn't intended to give policyholders the option of having the work done by BGI or receiving a cash payment.

Our rules require me to decide Mrs R's complaint by reference to what I consider to be fair and reasonable having regard to, amongst other things, relevant law. While I note the wording of the policy exclusion BGI has referred to, I think in the circumstances of this case it's fair that BGI makes a contribution of £105 to the costs Mrs R incurred. This leaves BGI no worse off than if Mrs R had asked BGI to carry out the work under the policy. BGI should also pay interest on this amount from 6 February 2017 until settlement.

### **my final decision**

My decision is that I uphold this complaint, and order British Gas Insurance Limited to pay Mrs R:

1. £105; and
2. interest on the amount in 1. above at the yearly rate of 8% simple from 6 February 2017 until settlement. <sup>(1)</sup>

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 8 December 2017.

Lennox Towers  
**ombudsman**

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(1) If BGI considers it's required by HM Revenue and Customs to withhold income tax from that interest, it should tell Mrs R how much it's taken off. It should also give Mrs R a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue and Customs if appropriate.