

The complaint

Mr L has complained about how British Gas Insurance Limited (British Gas) dealt with a claim under a home emergency policy.

Mr L is represented in this complaint but, for ease, I will only refer to Mr L.

What happened

Mr L contacted British Gas to repair his boiler. An engineer visited and said the boiler was beyond economic repair. British Gas quoted for a new boiler. Mr L also obtained quotes from other companies. While one of those companies was assessing the boiler, it found an issue with the hot water cylinder. So, Mr L contacted British Gas, who sent an engineer.

When British Gas visited, it said a new cylinder was required. It gave a provisional installation date for about three weeks later because it had to order the cylinder. Mr L arranged for his own contractor to fit a new boiler and replace the cylinder. He then contacted British Gas to explain this and to ask it to cover the costs, which were £5,873.

British Gas offered £3,500 to cover the cost of the new boiler and cylinder. But said that some of the work was an upgrade and other costs were excessive. So, Mr L complained to this service. Our investigator said British Gas didn't need to do anything further. He said the amount British Gas had offered was reasonable and in line with the terms and conditions of the policy. He also said that Mr L had been classed as a vulnerable customer and that British Gas had visited within reasonable timescales. But as the cylinder had to be ordered, there was a delay that was outside of British Gas' control. He said British Gas had dealt with the claim and complaint reasonably.

As Mr L didn't agree, the complaint was referred to me.

What I've decided – and why

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

Having done so, I don't require British Gas to do anything further in relation to this complaint. I will explain why.

Mr L was a vulnerable customer and British Gas has confirmed it was aware of this. Mr L reported an issue with his boiler at the end of December 2022, which involved a leak and his radiators were cold. British Gas initially gave Mr L an appointment the following day, but was then able to offer him an earlier appointment which took place that evening. The engineer assessed that the boiler was beyond economic repair and should be replaced. A couple of days later, Mr L reported an issue with the hot water cylinder. An engineer visited the following morning, which was about 13 hours after he reported the issue. British Gas's terms and conditions don't specify how quickly it will respond to a request for an engineer. But, I think British Gas sent engineers promptly when Mr L contacted it to report issues.

When British Gas told Mr L the hot water cylinder needed to be replaced, this wasn't an item that British Gas kept in stock and needed to be ordered. The engineer's visit took place on a Sunday and the following day was a bank holiday. The next working day, British Gas contacted Mr L to explain the current timescales for fitting a new cylinder. I wouldn't expect British Gas to stock every possible part and, in this instance, the cylinder needed to be ordered and would take a couple of weeks to arrive. I think British Gas took prompt action in ordering the cylinder and kept Mr L up to date on likely timescales. I haven't seen any unnecessary or avoidable delays, even taking into account that Mr L was a vulnerable customer.

I've also considered the engineer's view that the boiler was beyond economic repair, as Mr L said the boiler was less than seven years old. It's my understanding that the engineer assessed the boiler and the repair record. He then said he thought it should be replaced. When British Gas replied to the complaint, it said it was not correct, based on Mr L's cover and the age of the boiler, for the engineer to say the boiler would need to be replaced and could not be repaired. However, I haven't seen anything to show the boiler could have been successfully repaired. I'm also aware that Mr L replaced the boiler through a third party, who didn't seem to recommend a repair instead of a replacement. So, I'm not persuaded it was unreasonable for the engineer to conclude that the boiler needed to be replaced.

Mr L arranged for his own contractor to carry out the work and then asked British Gas to pay the costs. The policy terms and conditions said customers needed to contact British Gas if a third party deemed a replacement necessary before they replaced a boiler and related items. Mr L didn't contact British Gas to say a third party would be carrying out the replacement and only made it aware after the work had been done. So, I think British Gas could have argued that it didn't need to pay the costs. Instead, British Gas offered £3,500 towards the costs. So, I've thought about whether its offer was reasonable.

The amount offered included £1,950, which was how much Mr L paid for the boiler. British Gas agreed to pay the full amount for Mr L's replacement boiler, despite it assessing that the boiler was an upgraded model and cost over £800 more than the amount it had quoted for a replacement. It also agreed to pay £710 for the hot water cylinder, despite it having already ordered a new one, and £840 in labour costs. I think what it agreed to pay for these items was reasonable and that it included paying more than it would have paid if British Gas had replaced these items itself.

However, I'm aware this meant there were over £2,000 in costs that British Gas didn't agree to cover. This included the cost of some valves, a heating pump, an expansion vessel, some additional pipework and some Magnaclean. British Gas has said the material and full labour charged was in excess of a standard like-for-like replacement. I haven't seen evidence that persuades me British Gas should have covered these costs or that it acted unreasonably by not doing so. British Gas could have replaced the boiler and the hot water cylinder, but there would have been a delay because of having to order the cylinder. Mr L arranged for the work to be carried out by his own contractor and only seemed to tell British Gas this when the work had been done. British Gas assessed the circumstances and agreed to cover the cost of the work it would have carried out, including paying for a more expensive boiler than it would have fitted.

Based on what I've seen, I think British Gas treated Mr L fairly as a customer and made him a reasonable offer of £3,500 to cover the costs of the replacement boiler and cylinder, despite it not being made aware that a third party was carrying out the work. I also think British Gas' engineers attended promptly and that the delay with supplying a new cylinder was outside of British Gas' control. In my view, British Gas treated Mr L reasonably and fairly. As a result, I don't require British Gas to pay anything more than the £3,500 it already agreed to pay.

My final decision

For the reasons I have given, it is my final decision that British Gas doesn't need to do anything further in relation to this complaint, as the £3,500 it offered was reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 13 December 2023.

Louise O'Sullivan
Ombudsman