

The complaint

Mr U has complained about the handling of a claim under his central heating insurance policy with British Gas Insurance Limited.

What happened

Mr U held a central heating insurance policy with British Gas. In 2017, British Gas fitted a new water pump as he had reported that his radiators were not heating up. Mr U says he had to pay £99 for this.

When British Gas attended in September 2022 to do the annual boiler check, it diagnosed a fault. British Gas came back out in October 2022 and said it needed to replace the heat exchanger, as it had been damaged by sludge in the system. British Gas said that it had advised Mr U to have a powerflush carried out in 2017, which he had not done, so replacement of the heat exchanger would not be covered under the policy and he would have to pay for it. Mr U paid for the replacement heat exchanger and this was fitted on 27 October 2022.

However, on 4 November 2022 Mr U says his boiler stopped working. He contacted British Gas and an engineer attended the next day. The engineer said a powerflush was needed and would cost Mr U approximately £950.

Mr U was unhappy with this, so he arranged for an independent plumber to attend. He diagnosed that the only part of the water pump had been replaced in 2017, not the complete unit, and found the pipework next to the pump and the air separator was blocked. Mr U's plumber drained the system, stripped out the blocked pipe and fitted a new pump. Mr U says his plumber said a powerflush would not have cleared this blockage and this would have been ongoing since 2017.

Mr U says British Gas was trying to upsell him new radiators and an expensive power flush which are not needed. His plumber diagnosed and fixed the problem in the same day, taking 3-4 hours, whereas British Gas was trying to charge him for an unnecessary and expensive powerflush. Mr U also says British Gas made multiple visits, which were not necessary.

Mr U wants the cost of the water pump and the heat exchanger refunded. He also wants his excess and the last three years' premiums reimbursed, as he says the central heating system would not have been working at its best due to British Gas not dealing with the issue in 2017 properly and he has not received expected levels of service. On 8 November 2022, Mr U also asked British Gas to cancel his contract but it didn't do so and took four more monthly payments.

British Gas says it is not always necessary to replace the whole pump; the pump worked satisfactorily for five years and Mr U did not report any other issues since then until 2022. Its engineer identified sludge in the system when doing the annual boiler check and clearly there was a blockage but this was the result of sludge in the system, which it had been advising Mr U about since 2017. British Gas says it would not cut out sections of pipe to remove blocked areas, if a power flush is required to remove sludge. British Gas also says that its engineer found Mr U's plumber had fitted the pump upside down and with no RCD

line, so he corrected that in April 2023. (Mr U denies they did anything to the pump that day.)

However, British Gas offered £65 compensation and refunded the premiums back to the date Mr U asked it to cancel the policy. British Gas also confirmed Mr U was charged £99 for the pump in 2017 but said it should not have charged him for this and should only have charged the £50 policy claim excess.

One of our Investigators looked into the matter. He did not think British Gas had been incorrect in not covering the cost of the heat exchanger, or that it should have done anything differently, as he said there was no evidence the powerflush would not have worked and so he thought it was a reasonable recommendation to make in 2017. The Investigator did however conclude that British Gas should reimburse the £49 charge for the pump, plus interest, and pay total compensation of £100.

British Gas confirmed it accepts the investigator's assessment.

Mr U did not accept the Investigator's assessment, so the matter was passed to me. I issued a provisional decision on this matter in November 2023. I have set out my provisional findings below:

"Central heating insurance policies such as Mr U's do not provide cover for every eventuality and are not intended to operate as maintenance contracts. As such, the level of cover provided is limited by the terms, conditions and exclusions set out in the policy. In particular, Mr U's policy excludes:

"Damage caused by limescale, sludge or other debris if we've told you before that you need to carry out repairs, improvements or a British Gas Powerflush, or a similar Process, but you haven't done so".

The policy also states:

"British Gas Powerflush

Over time, gas central heating systems build up sludge that can block or narrow your pipes, radiators and boiler parts. British Gas Powerflush is our way of removing that sludge from your system. We'll tell you if your system needs a Powerflush to work properly. You'll need to pay for it separately – it isn't included in your cover."

Therefore, if Mr U had been informed previously that his central heating system required a powerflush and this had not been carried out, British Gas would not provide cover for subsequent repairs caused by sludge damage.

If British Gas is seeking to rely on the above exclusion for any damage caused by sludge, then it is required to establish, on the balance of probabilities, that the exclusion applies. In this case therefore it has to establish that Mr U was told previously that he needed to have a powerflush done and that the damage to the heat exchanger was caused by sludge (which would otherwise have been removed by the powerflush). As the above exclusion has a significant impact on the cover provided under the policy, I think it would also be reasonable to expect British Gas to explain clearly the impact on cover, if the policyholder did not act on any instruction to have a powerflush done.

British Gas says it has been advising Mr U since 2017 that a powerflush procedure was necessary.

The notes of 11 November 2017 attendance say “*possible powerflush required? / cust to monitor*”. I have seen no other mention of a powerflush being discussed with Mr U.

Mr U accepts a powerflush was suggested and even says that British Gas was pushing this to upsell him products.

However, British Gas’s notes only stated that a powerflush was possibly required, with a question mark. I can’t see that this amounts to an actual diagnosis that a powerflush was ... required to rectify a problem in the central heating system. There are no water test results or other evidence on file to support this. I don’t think that saying a powerflush was possibly required, or even that it was advisable, amounts to an instruction to Mr U that he must get a powerflush done and that if he didn’t do so, any future claims might not be covered. It seems to me – especially given there was a question mark on the job record – that this was speculative only.

By contrast in 2023 when advising that a powerflush was needed British Gas did attend to take water samples to help support this diagnosis.

British Gas says it attended on 28 November 2017 to advise again that a power flush was needed. However, its notes of this date say that it carried out the annual service of the boiler and replaced some leaking parts; they also say that there was an issue with the pump speed and circulation and a “*restriction on pipework*”

I have seen a picture of the old pump, which clearly shows a newer part at the front fitted to an older part, showing a lot of rust and corrosion, at the back. I’ve also seen a photo of the pipe that was cut out by Mr U’s plumber, which shows an almost solid and complete blockage. British Gas’s notes of the work done in 2017 say that it replaced the pump. It does not say it replaced part of the pump and no explanation has been provided as to how replacing the front part would have solved any problem. I think it is misleading to state it has replaced a pump, when it has not done so and it did not provide the service expected.

I also agree that there was no need for Mr U to have paid privately for the pump in 2017 and that the amount he paid for this (less the excess) should be reimbursed.

Given what Mr U’s plumber has said, and the photos provided, it seems possible there was a restriction on the pipe connected to the pump going back to 2017. If it was then it is difficult to see how a powerflush would have resolved this. But again, even if it would have done, there is no record of clear information being provided to Mr U that a powerflush was needed and that it would affect his cover if he did not have one done.

It also seems to me that if the pump had been replaced, as British Gas had said it had, this may have resolved the issue; or this blockage would have been seen and could have been manually cleared in 2017.

British Gas says it does not resolve blockages this way, preferring to do powerflushes instead. However, I’ve not seen any persuasive evidence that this would have cleared that blockage in any case, or that manually removing it, as Mr U’s plumber has done is not the appropriate or reasonable method.

There’s also no evidence that a powerflush five years earlier would have prevented the issue in 2022.

Having considered all the evidence available to me, I do not therefore consider that British Gas is entitled to rely on the above exclusion. Given this, I think the cost of the heat exchanger should be reimbursed to Mr U, as this should have been covered under the policy.

After British Gas replaced the heat exchanger, the boiler stopped working. Mr U had to call his own plumber to deal with this. I can understand why he did so, given that British Gas was charging him privately for work that should rightly have been covered under the policy.

Mr U's plumber says that the whole pump should have been replaced and that if it had been then the blockage he cleared would have been seen. Mr U had also been [led] ... to believe British Gas had provided a replacement pump in 2017. Given this, I think it reasonable that British Gas reimburse the cost of the pump that Mr U's own plumber installed, and the other work he did, as this should not have been necessary. Mr U has provided an invoice which shows this cost him £600.

Mr U says that this boiler will not have been working as effectively as it should since 2017 but it appears that he has not made any claims in that time to British Gas. While I think British Gas should have done more in 2017 (in particular replaced the whole pump as it had told Mr U that it had) it is difficult to say for sure what impact this has had on the way Mr U's heating has operated. There is also no record of any other call out due to this until 2022.

I do however consider that some additional compensation is warranted for the trouble caused to Mr U, including having to arrange his own repairs. Having taken everything into consideration, I think a total of £250 compensation is appropriate. This is to include the £65 already offered by British Gas.

My provisional decision

I intend to uphold this complaint and require British Gas Insurance Limited to do the following:

1. Reimburse Mr U the amount he paid for the pump in 2017 (apart from the policy excess), together with interest at 8% simple per annum, from the date he paid this to the date of reimbursement.
2. Reimburse Mr U the amount he paid for the replacement of the heat exchanger, together with interest at 8% simple per annum, from the date he paid this to the date of reimbursement.
3. Reimburse the amount Mr U paid his plumber to replace the pump and to clear the blockage, together with interest at 8% simple per annum, from the date he paid this to the date of reimbursement.
4. Pay Mr U the sum of £250 compensation for the distress and inconvenience caused by its handling of this matter. This is in addition to the £65 already offered by British Gas."

Responses to my provisional decision

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

British Gas has confirmed it has nothing further to add.

Mr U has confirmed he accepts my provisional decision in the main. However, he says the compensation proposed does not adequately reflect the trouble caused to him by British Gas. Mr U says he has spent days attending site visits as well as making phone calls and writing long letters pursuing this; he has also had years of his central heating system not working as optimally as possible. Mr U also says he paid over £800 for the cover with British Gas over three years, so he says that £800 compensation would be justified.

Mr U also said he wanted to highlight the following:

- he was not told by British Gas that the heat exchanger needed to be replaced because it was damaged by sludge.
- British Gas says the pump worked for five years without problem but this is not true, as his heating did not work properly for years.
- British Gas said it would not cut out pipework to remove blocked areas, but if the whole pump had been replaced in 2017, the blockage would have been clear and he could have paid to have it remedied then if necessary. Instead, British Gas hid the issue, misled him and tried to upsell him products and services he did not need.
- His contractor was so confident of his diagnosis of the problem, that he offered to cover the cost of the work himself if the blockage was not found by the pump. He was right because as soon as he replaced the pump, it immediately exposed the blockage.

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.

In my provisional decision, I set out the arguments made by each party. This included that British Gas asserted that the pump had worked without problem for several years and that it would not cut out pipework to resolve blockages and so was right to say that a powerflush was necessary. I also set out Mr U's position on these points.

I provisionally concluded that although British Gas prefers to do powerflushes, rather than manually remove blockages, there was no persuasive evidence that this would have cleared the blockage, or that manually removing it, as Mr U's plumber did, was not the appropriate or reasonable method. I also concluded that if British Gas had replaced the whole pump, as it said it had in 2017, this might have resolved the issue or the blockage would likely have been seen then and could have been removed.

As neither party has provided any further arguments or evidence about these matters, I see no reason to change my provisional findings about this, including that British Gas should reimburse the amount Mr U paid his own contractor to replace the pump and remove the blockage.

The reason that Mr U was told he'd be charged for the heat exchanger was because British Gas thought it was caused by sludge and it was seeking to rely on the policy term which excludes cover for sludge related issues, if it has previously advised a powerflush was necessary. I provisionally decided British Gas could not rely on this term. Neither party has provided any further argument about that and so again I remain of the opinion British Gas was not entitled to rely on that exclusion and Mr U should not have been charged for replacing the heat exchanger.

With regard to the compensation I proposed to award, I can understand this was a frustrating and drawn out process for Mr U. I do not think it is appropriate to level compensation with the amount he paid for the policy with British Gas. Instead we consider the impact of what

went wrong. I explained in my provisional decision that while I think British Gas should have done more in 2017, it is difficult to say for sure the impact this had on the way Mr U's heating worked. There were no other call outs between then and 2022 and no convincing evidence of any additional cost incurred for heating his property. I did not therefore consider that any additional compensation, in addition to paying the cost of rectifying this, was appropriate for this. I've not been provided with anything that has caused me to change my opinion on this point. I did however consider some additional compensation was warranted for the trouble caused to Mr U by this matter, to include the time involved in getting his own contractor to carry out the repairs. We do not usually award compensation for having to pursue a complaint, as this is not a regulated activity and therefore not something we can consider in its own right.

I provisionally decided that the sum of £250, in addition to £65 already paid by British Gas, was appropriate in the circumstances. This is in line with awards made in similar cases. I remain of the opinion that this is fair and reasonable in all the circumstances of this complaint.

My final decision

I uphold this complaint and require British Gas Insurance Limited to do the following:

1. Reimburse Mr U the amount he paid for the pump in 2017 (apart from the policy excess), together with interest at 8% simple per annum, from the date he paid this to the date of reimbursement.
2. Reimburse Mr U any amount he has paid for the replacement of the heat exchanger, together with interest at 8% simple per annum, from the date he paid this to the date of reimbursement.
3. Reimburse the amount Mr U paid his plumber to replace the pump and to clear the blockage, together with interest at 8% simple per annum, from the date he paid this to the date of reimbursement.
4. Pay Mr U the sum of £250 compensation for the distress and inconvenience caused by its handling of this matter. This is in addition to the £65 already offered by British Gas.

I understand British Gas may have already made some payment towards these amounts. If so, any payments it has already been made can be taken into account and it only needs to pay the remaining outstanding amounts.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 4 January 2024.

Harriet McCarthy

Ombudsman