

## **The complaint**

S complained that they had some insurance policies unfairly cancelled by British Gas Insurance Limited (“British Gas”) because of a misunderstanding in relation to a claim under their home emergency policy.

## **What happened**

British Gas’ contractor was unable to complete some repair work to a leak under the policy and couldn’t guarantee a return visit until two weeks or so later. To mitigate further damage from the leak and potential costs and after discussing it with British Gas, S arranged for his own contractor to do the repair and British Gas said it would consider reimbursement of the invoice once received.

S was unhappy with the workmanship from the contractor he appointed, so he only paid £252 against a quoted value of £552. As he wanted to get the work completed quickly due to the requirements of the tenants, S appointed one of their own sub-contractors to finish the job.

S submitted an invoice to British Gas from his first contractor for the full value of the work, even though he only partly paid it. But, when British Gas questioned it, he submitted an invoice for £552 from his sub-contractor instead (which S said they had mirrored the first contractor’s invoice). British Gas said when the invoice was submitted by S they didn’t disclose the invoice was from S’ own company. However, S did disclose this when he was asked by British Gas later. British Gas said if it had known this at the start it would immediately have declined his sub-contractor’s invoice. However, British Gas did pay £252 as a gesture of goodwill for the costs of the first contractor.

British Gas said S hadn’t declared the invoice wasn’t from a third party (i.e. his own company) and the invoice was for the full value of works, when in fact another contractor did part of the works. So, British Gas said S had provided “*false and inaccurate information*” and under the terms and conditions of the policy it decided to cancel all the policies S had with it, refunding any premiums on a pro-rata basis.

S is unhappy with this outcome and would like his policies re-instated.

Our investigator decided to uphold the complaint. He didn’t think S had set out to deceive British Gas and he thought it would’ve been more reasonable for British Gas to simply explain to S, it couldn’t accept an invoice from his own sub-contractor. He said British Gas should reinstate or renew the policies with S. British Gas disagreed, so the case has been referred to an ombudsman.

## **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.

British Gas has cancelled all its policies which would be its right under the terms and

conditions of the policy if S had provided it with “*false information*”. I have reviewed the information contained within this complaint and I don’t think the information British Gas has provided is sufficient evidence to show S had submitted false information with the intention to deceive it, therefore, I’m upholding this complaint. I’ll explain why.

British Gas has said S knowingly submitted an invoice from one of its sub-contractors. I believe this to be true, I think S would’ve done. However, I’m not persuaded that S would’ve known why this was an issue. I don’t think it would be obvious to someone that it could only submit invoices for a claim from third parties. I haven’t seen any evidence provided from British Gas that this was clearly explained to S early in the process. I think it’s fair for British Gas not to accept the invoice if the policy sets out this limitation, but I don’t think it’s reasonable for it to cancel all of S’ policies consequently.

British Gas thought S was trying to benefit by submitting an invoice for £552, rather than the £252 it had paid to the first contractor. It has suggested the cost of the job should be £229, but British Gas had attended once themselves and hadn’t yet completed the job. I also don’t think it has provided evidence to substantiate a much lower estimate.

The circumstances of this complaint developed as British Gas was unable to fulfil its obligations promptly under the policy. I think S has taken sensible actions to ensure it has provided a service to its tenants. There is evidence the original quote for the job was £552 – although only £252 was paid to the first contractor as the work was only part completed. S would’ve incurred additional expenses with his own contractor in getting the job completed. It doesn’t seem unreasonable that these costs would be similar to the balance of the invoice not fully paid in the first place, so I think it’s possible the overall cost of the job was around £552 for S.

S has acknowledged it’s fair for British Gas to decline an invoice that’s not from a third party. I think the £252 British Gas has reimbursed for the first contractor would be a fair conclusion to the claim. I don’t think S was trying to financially benefit through their actions. So, I don’t think cancelling all of S’ policies is proportionate action for what has happened. I don’t think S started out to deceive British Gas. So, I don’t think it was fair for British Gas to cancel the policies.

British Gas has mentioned previous claims it has been unhappy about. However, it hasn’t provided any details of these and I think if it had a problem with these it should’ve dealt with them at the time. It’s not reasonable to consider these in this complaint if this hasn’t been properly raised with S.

As I don’t think British Gas has acted fairly, I think British Gas should now contact S and agree the best way to reinstate these policies or renew these, so that S isn’t financially penalised and continues to benefit from cover with British Gas.

### **My final decision**

My final decision is I uphold this complaint. I require British Gas Insurance Limited to:

- Contact S and agree the best way to reinstate these policies or renew them and implement this so that S isn’t financially penalised and continues to benefit from cover with British Gas.

Under the rules of the Financial Ombudsman Service, I’m required to ask S to accept or reject my decision before 4 May 2022.

Pete Averill  
**Ombudsman**