

The complaint

Mr R complains that British Gas Insurance Limited (British Gas) misdiagnosed his boiler as non-repairable, and this resulted in him purchasing a new boiler. He also complains that his policy was cancelled by British Gas, and they didn't handle his complaint appropriately.

What happened

Mr R had a boiler and central heating breakdown insurance policy underwritten by British Gas. In March 2023 Mr R reported a fault with his boiler and an engineer from British Gas attended, and they said the boiler needed replacing. They arranged a sales call for around nine days later in order to provide a quote for a replacement boiler.

In the interim, Mr R contacted a local third-party company who provided a quote for a replacement boiler, and he paid the deposit the following day. Mr R also contacted British Gas, and a second visit to assess whether the boiler was beyond repair was arranged.

When this appointment went ahead, the engineer concluded the boiler could be repaired and parts were available. But as Mr R had already paid the deposit to the third-party company, he chose to continue with them, and had his boiler replaced a few days later.

Mr R attempted to raise complaints about the service he had received with British Gas in mid-March 2023. And when chasing this up, he was told that a complaint hadn't been raised. But following receipt of a Subject Access Request (SAR), British Gas' notes indicated that Mr R had raised a complaint as he'd said.

British Gas ultimately issued a final response in June 2023 in which they offered £70 compensation, and cancellation of the policy with a refund backdated to the last visit.

Mr R remains unhappy that the engineer's misdiagnosis resulted in him purchasing a new boiler and British Gas hasn't agreed to reimburse the costs he incurred. He is also unhappy with the handling of his complaint and that his policy was cancelled. So, he approached this service.

One of our investigators looked into things and upheld the complaint in part. Ultimately he said that he agreed British Gas had misdiagnosed the issue with Mr R's boiler. But he said Mr R had decided to pay a deposit for a new boiler installation, before British Gas had an opportunity to investigate or put things right. So rather than reimbursing the cost of the boiler replacement, he said British Gas should pay Mr R what it would have cost them for repairs.

The investigator agreed that British Gas had mishandled the complaint and cancelled the policy when Mr R said not to, so he recommended they increase the compensation from £70 to £150. The investigator also said he could understand why British Gas had cancelled the policy, and if Mr R wanted to continue with it, he should contact British Gas.

British Gas agreed with the investigator's recommendations. They also said the cost to them for repairs would have been £393.88, so they agreed to pay this alongside the increased compensation.

Mr R didn't agree and asked for a final decision from 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.

Having done so, whilst I appreciate it will come as disappointment to Mr R, I've reached the same outcome as our investigator.

As there are three main complaint issues, I'll address each individually.

The misdiagnoses and the replacement boiler

British Gas accepts their first engineer misdiagnosed that the boiler couldn't be repaired. But I don't think this means they need to reimburse Mr R for the costs he incurred for a third-party company to replace his boiler, I'll explain why.

The original British Gas engineer attended on 7 March 2023. They said the boiler couldn't be repaired and needed replacing. They disconnected the boiler and left two temporary electric heaters. And they arranged a sales call for 16 March 2023 to quote for a boiler replacement.

Mr R contacted a local company who provided a boiler replacement quote on 8 March 2023, and he paid the deposit the following day.

During the interim, I understand that Mr R spoke to British Gas on 8 March 2023. However, British Gas has been unable to provide recordings of the calls, so I'm unable to establish exactly what was discussed. But the notes indicate that there was a discussion around booking a recall appointment. Mr R disputes the notes and said he was questioning why it couldn't be repaired instead.

Mr R then spoke to British Gas on 11 March 2023. I've been able to listen to a call that has been provided from then. In this call, a recall visit was booked for 12 March 2023 for a second opinion on the boiler.

This then went ahead as scheduled, and during this visit, the engineer deemed the boiler repairable and said parts could be obtained the following day for repair. However, by that point, because Mr R had already paid the deposit to the third party, he decided to proceed with the replacement with them which I understand went ahead on 15 March 2023.

I recognise that the boiler was misdiagnosed on that first visit, and that's accepted by British Gas. And from the notes of the calls, Mr R appears to have disagreed with the diagnoses, or that it couldn't be repaired, and contacted British Gas to question this on 8 March 2023. But in the interim, Mr R had arranged for a quote with a third-party. And he paid the deposit for a replacement boiler on 9 March 2023, after that 8 March 2023 discussion happened, despite being unhappy that British Gas had said it couldn't be repaired and before a revisit was arranged.

I understand the time of year and that the weather was poor, and Mr R was keen to restore heating. And he was concerned about the time it would take for the quote visit from British Gas (arranged in that first visit) and the repairs to follow. So, this is why he decided to contact a third party for a replacement boiler quote and paid the deposit the following day. However, this was carried out before British Gas had an opportunity to reattend, and before Mr R arranged the second opinion visit to go ahead.

So, whilst the issue was misdiagnosed on the first visit, British Gas didn't have an opportunity to visit for a second opinion before Mr R went ahead with paying the deposit. And when the second visit went ahead and the boiler was deemed repairable, Mr R still decided to proceed with the third party having already paid his deposit.

As British Gas didn't have an opportunity to visit for a second opinion before the deposit was paid, and Mr R still went ahead with the third party when British Gas said they could repair it, I don't think it would be fair or reasonable for me to direct them to pay the full cost of a new replacement boiler.

I also do need to take into account that Mr R's boiler was around 15 years old, and from the job notes, it had several previous issues which required call outs and repairs. Boilers aren't expected to last forever, and always will need replacing, often in a ten-to-fifteen-year period. So, it would always have needed replacing in any event at some point which would have been at the expense of Mr R. And I do also note that the type of boiler it has been replaced with is a different type (combi rather than conventional), including programmable thermostat. So, whilst I recognise the issue was misdiagnosed on that first visit, I'm not going to direct British Gas to reimburse the full cost of replacement for the reasons outlined above.

Instead, I agree with what our investigator recommended (and British Gas agreed to), and that is that British Gas should reimburse the amount it would have cost them for repair. British Gas has calculated this as £393.88. This is based on what a paid private repair would have been.

Under the insurance policy, parts and labour rates don't apply and this would have been absorbed by the cost of the policy premiums. So, the actual cost to British Gas would have been less than, and not comparable to, a private repair. This is why British Gas has calculated a private repair cost instead, as there wouldn't have been a cost associated with a repair under the policy as that would be absorbed by the premiums paid.

Whilst I recognise Mr R doesn't think this is sufficient, he hasn't provided evidence which conclusively demonstrates that. And based on everything I've seen, I don't think British Gas's offer is an unfair or unreasonable amount.

Mr R has also said British Gas' agent who misdiagnosed the issue is mis-selling, as he would have benefited if they had gone ahead with a replacement boiler. And they say he suggested this on a previous visit in October 2022 too. But I agree with our investigator that Mr R hasn't been mis-sold here, as he didn't go ahead with purchasing a replacement boiler from British Gas.

The policy cancellation

Mr R complains that British Gas cancelled his policy against his wishes.

I can see in the final response letter that British Gas said they'd cancel the policy and refund premiums back to the last visit. I don't think British Gas unreasonably reached the conclusion that Mr R wanted the policy cancelled based on a previous email sent to them:

"I am also still paying the service cover, as I pay upfront each year. This was obviously no longer needed once the new boiler was fitted as the boiler has a 10-year warranty. The boiler was installed on 29-03-2023."

However, Mr R has also provided an email he sent after receipt of the final response in which he said he didn't want to cancel any of his cover until his complaint had been considered by this service. So, it does appear that Mr R asked British Gas not to cancel his policy after British Gas said it was going to. Mr R has said that because British Gas then did cancel his policy, it meant his central heating system wasn't then covered.

Whilst this may be the case, from my understanding there weren't any issues with the central heating system after the policy was cancelled, so Mr R hasn't suffered any detriment as a result. But I do recognise that cancelling the policy when Mr R asked for it not to be would have caused him frustration and worry. So, I agree with our investigator that British Gas should compensate Mr R for this.

British Gas has also explained to this service:

"(The policy) covers both the boiler and central heating (tank, radiators, pipework etc) for repair. However if a boiler has a warranty in place, the warranty would supersede our insurance. For example, if the new boiler became faulty and required repair, (Mr R) would need to contact the warranty provider however if they did employ us under the policy and we worked on the boiler, it would likely be considered as a invalidation of the warranty and therefore we would not recommend our insurance running in conjunction with a manufacturer warranty, in order to mitigate this risk."

But it doesn't look like British Gas explained this previously to Mr R. As explained by our investigator, if Mr R wants to continue with the policy, he'd need to contact British Gas to discuss this.

The complaint handling

Mr R tried to raise a complaint with British Gas on 11 and 16 March 2023. When chasing this in April 2023, British Gas said there wasn't any record of a complaint being raised. But I agree with Mr R that British Gas' records (which he also received via a SAR) show he did try to raise a complaint in March 2023.

As explained by our investigator, complaint handling in isolation is not something this service is able to consider as it isn't a regulated activity in itself. But we can consider this if it is ancillary to a regulated activity, and I'm satisfied that's the case here.

Even though British Gas didn't log the complaint when it was raised, Mr R could still have brought his complaint to this service once British Gas had eight weeks and if they hadn't responded. And British Gas did ultimately issue a final response in June 2023, which was around four weeks after that eight-week period expired. But I appreciate this would have been frustrating for Mr R, so I agree that he should be compensated for this, alongside being compensated for the frustration and worry when his policy was cancelled.

My final decision

It's my final decision that I uphold this complaint in part and direct British Gas Insurance Limited to:

- Pay Mr R £393.88 for the equivalent cost to repair the boiler
- Pay a total of £150 compensation (including the £70 already offered)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 February 2024.

Callum Milne
Ombudsman