

## **The complaint**

Mrs B complains about how British Gas Services Limited (T/A British Gas) dealt with her claim for a replacement dishwasher.

## **What happened**

Mrs B held a HomeCare insurance policy with British Gas Services Limited (T/A British Gas), which I'll refer to as "BG" in this decision. Under this policy Mrs B was covered for repairs to kitchen appliances or a contribution towards the replacement of an appliance if a repair wasn't possible.

In around June 2019 Mrs B contacted BG to make a claim under her HomeCare policy as her dishwasher wasn't working. On 4 June 2019 an engineer attended Mrs B's property to assess whether the dishwasher could be repaired and assist BG in dealing with the claim.

The engineer confirmed that Mrs B's dishwasher was broken and a replacement was required. Mrs B was told the replacement would be arranged by BG's Appliance Replacement Team who would contact her directly.

There were a number of telephone calls between that department and Mrs B about the specification of replacement dishwasher BG was prepared to offer. During those calls BG explained it was prepared to offer a replacement that it felt was the closest like-for-like match to Mrs B's broken appliance. It told her the replacement appliance it was proposing was available from its preferred supplier for a Recommended Retail Price (RRP) of £441.84. So, it offered to contribute 30% of that value towards her replacement dishwasher in line with the terms of her policy.

But Mrs B raised concerns about the suitability of the model BG proposed to provide as a replacement. She said her broken dishwasher had been purchased 28 years ago for £339 and was second most expensive model available at that time. And she felt the replacement proposed by BG wasn't of equivalent specification, which was reflected in its price.

Mrs B suggested a dishwasher, which she felt more closely matched the specification of her broken appliance. But BG said the RRP for that appliance was over £1000. Mrs B told BG the RRP it was quoting was inflated as she could purchase this dishwasher for around £800. And she thought BG should pay her 30% of the value of the appliance she wanted. But BG didn't agree. So, Mrs B complained.

In its final response to Mrs B's complaint BG said the dishwasher it had offered was reasonable as it was the closest like-for-like replacement it had been able to source. And it told Mrs B it considered the dishwasher she had proposed would put her in a better position due to the price and specifications of that appliance. So, it declined to increase its settlement offer.

BG also explained that it thought it had acted reasonably because it had sent her a cheque for 30% of the RRP of the replacement dishwasher it had proposed – even though the terms of her policy didn't provide for a cash equivalent. However, it did accept there had been

delays in how her claim had been progressed. And to recognise the poor service she'd received it offered to pay £30 compensation.

Being dissatisfied to BG's response to her complaint Mrs B referred it to our service. Our investigator assessed the evidence provided by Mrs B and BG. But they didn't recommend that this complaint should be upheld. Overall, they thought the replacement dishwasher Mrs B had been offered could be said to be like-for-like. And they felt, in paying Mrs B a cash settlement, BG had acted fairly. They also thought the £30 compensation offered to Mrs B was reasonable to reflect shortfalls in the service she had received. BG accepted our investigator's view but Mrs B didn't. So, she asked for her complaint to be referred to an ombudsman for a final decision.

### **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.

My role is to decide the crux of the complaint and ensure that I respond to the main issues. Where I haven't commented on a specific complaint point raised by Mrs B or BG it's not because I've failed to consider it, but because I don't think I need to comment on it in order to reach what I think is the right outcome for this complaint as a whole.

It's not in dispute that Mrs B's dishwasher broke, which BG agrees is covered by the kitchen appliance section of her HomeCare insurance policy. However, there's a disagreement between Mrs B and BG about the correct outcome of this claim insofar as it relates to BG's proposals to replace the broken dishwasher.

The crux of this complaint is whether BG has acted reasonably and offered a replacement in line with the terms and conditions of Mrs B's policy. So, I've carefully considered the terms and conditions of the policy Mrs B holds with BG.

The parts of that policy that apply to Mrs B's claim are found on page 15 of the policy booklet, which state that cover is provided for the following:

- *“ All repairs to the kitchen appliance(s) shown on your statement;*
- *A contribution towards a replacement if we can't repair it or we decide it will cost less to replace than to repair. We'll source the replacement from our approved supplier and make the following contribution based on their current retail selling price:*
- *100% if your appliance is less than three years old*
- *30% if your appliance is three years old or more*

*You may use our contribution towards an alternative model of your choice from our approved supplier. There is no cash alternative”.*

An insurance policy is intended to put a consumer back in the position they were in prior to their loss occurring or as close as is possible. An insurer isn't under an obligation to match every specification of a damaged item where that would put a customer in a better position than if the loss hadn't occurred. But it shouldn't put them in a worse position either.

In this case Mrs B's broken dishwasher couldn't be repaired so BG agreed to make a contribution towards its replacement. Because that appliance was 28 years old it offered to make a contribution of 30% of the replacement's RRP in line with the terms of her policy.

When considering which appliance to provide BG is required to source a model with the same or similar specifications to the one it's intended to replace. As BG wasn't able to provide an exact match of Mrs B's broken dishwasher, due to its age and advances in technology, its duty here is to provide the best match it can or on a "*like-for-like*" basis.

It's clear Mrs B is unhappy with the cost of the replacement she's been offered. She feels that, because her model was the second most expensive appliance available at the time it was purchased, she should be offered a more expensive replacement.

I appreciate the point Mrs B is making as regards the price she paid for her dishwasher when it was new. But like-for-like refers to the specification of the dishwasher rather than its RRP. And, while Mrs B's dishwasher cost £339 when it was purchased it 28 years ago, I can see that our investigator has explained that insurers don't take inflation into account when considering the value of broken appliances.

Furthermore, the technology market moves on rapidly and costs can decrease quickly as new technologies emerge and existing technologies advance. Therefore, providing an equivalent dishwasher will become considerably cheaper over time. So, a dishwasher that was the second most expensive on the market at the time it was purchased can be of similar specification to a mid or lower range model years later.

I've compared the features of Mrs B's broken dishwasher alongside the specification of the model BG proposed. And I'm satisfied that the appliance it offered Mrs B constitutes the closest like-for-like replacement. I'll explain why.

The replacement dishwasher BG proposed was the same brand and had the features Mrs B's broken one had. I understand she told BG it was important that her new appliance had a salt container. And I can see the replacement BG proposed has that feature. So, I'm satisfied it took Mrs B's requirements into account when considering a replacement model.

I can see that, due to advances in technology, the replacement BG proposed has upgraded functionality and more programme options and temperature settings. So, I think the replacement dishwasher BG proposed is a better specification overall. And I therefore don't agree that it places Mrs B in a worse position as she is suggesting.

I can see Mrs B found an alternative dishwasher, which she feels is of a more similar specification to her broken appliance. It's clear she was unhappy that this dishwasher couldn't be sourced by BG for the price she had seen. And I understand the brand she wanted wasn't stocked by any of the retailers with which it has an arrangement.

It isn't unusual for insurers to have an arrangement with a preferred supplier that can offer it discounts. This is stipulated in the terms of Mrs B's policy. So, I can't say BG made an error in trying to source a replacement from its preferred supplier here. And it isn't its fault that its preferred suppliers didn't stock the model Mrs B wanted.

However, even if the model Mrs B wanted had been available, I'm satisfied that if BG had replaced her dishwasher with the more expensive model she suggested this would result in her receiving a substantially better appliance. This would be contrary to the terms of her policy as it would place her in a better position overall. So, I don't think it would be reasonable to expect BG to settle Mrs B's claim in line with the model she proposed.

In the overall circumstances of this complaint I'm not persuaded BG acted unfairly. I can see it took on board Mrs B's wishes to purchase the dishwasher of her choice by sending her a cheque in the sum of £132.55, which was 30% of the value of the replacement it had proposed.

The terms of Mrs B's policy stipulate that there's no cash settlement. So, in settling her claim in this way, I think BG was acting fairly and trying to assist her in purchasing the dishwasher of her choice. It follows that I won't be asking it to make a further contribution.

I'll turn now to the delays Mrs B experienced in how BG progressed her claim. It appears this was largely due to the fact that BF doesn't usually provide a cash alternative. So, a cheque took some time to arrange and send out.

I can see BG accepts it provided poor service here and offered £30 as a goodwill gesture in recognition of that. I'm satisfied that this is a fair amount of compensation that's proportionate to the time Mrs B was without a replacement dishwasher and the trouble and upset that she would've been caused. The compensation offered in line with our approach in similar scenarios and it's what I would have told BG to pay had no offer been made.

While Mrs B may want BG to pay more compensation I haven't seen enough evidence to persuade me that a higher award is warranted here. It isn't clear whether that amount has been paid to Mrs B. If it remains outstanding BG should pay that sum to resolve this complaint.

I know that Mrs B will be disappointed by this decision. But, this now brings to an end what we, in trying to resolve her dispute with BG informally, can do for her. I'm sorry we can't help Mrs B any further with this complaint.

### **My final decision**

My final decision is that I don't uphold this complaint and that British Gas Services Limited (T/A British Gas) should pay Mrs B the £30 it offered to resolve this complaint if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 14 July 2020.

Julie Robertson  
**Ombudsman**