

## **The complaint**

Mr S is unhappy with how Domestic & General Insurance Plc (D&G) handled his claim on his accidental damage policy for a damaged TV.

## **What happened**

Mr S took out accidental damage cover through D&G in October 2020. In June 2021 he submitted a claim for a damaged screen. D&G processed the claim and arranged for a one of their approved suppliers to carry out a repair. An engineer inspected the TV and said a new screen was required. They said the parts would be ordered and they'd be back in touch with Mr S when the parts arrived.

On 12 July 2021, after looking to repair the TV, the supplier informed D&G the parts required were not available. D&G arranged for a gift card to be issued to cover the cost of a replacement TV.

Around a week later Mr S called D&G as he hadn't received the gift card. D&G said they'd arrange for it to be re-issued but it came to light the wrong gift card had been issued initially. D&G arranged for a gift card for £699 for a specific retailer to be issued in line with the policy terms. They based this on a TV they felt was similar specification to the one Mr S had.

Mr S received the gift card on 15 July but he wasn't happy with the amount received as it wasn't enough to purchase a like for like TV from the retailer. D&G looked into it and found that Mr S should have received £999 on a gift card as that was the cost of a similar TV from that retailer. They arranged for an additional £300 gift card to be sent to Mr S.

There was a breakdown in communication between departments at D&G as the product replacement team wasn't aware Mr S was on a plan linked to a specific retailer. As there was a similar TV for sale with another high street retailer, they concluded the original amount of £699 was fair settlement. Mr S wasn't updated about this.

As he hadn't received the £300 gift card Mr S called D&G on 19 July 2021 and raised a complaint. He was assured the additional gift card was being processed. He chased them further on 21 July 2021. The agent explained their notes indicated £699 was agreed as settlement. Mr S raised another complaint as this is not what he understood. He was also unhappy with the amount of time he had spent speaking with D&G about the issue.

D&G sent their final response on 10 August 2021. They accepted the concerns about the time spent speaking with them but they felt the £699 gift card they had sent was fair settlement for the claim.

Mr S was unhappy so referred his concerns to this service. Upon receiving our file request D&G reviewed things again and found they hadn't handled the claim well. They said Mr S was entitled to £999 on a gift card and offered to pay an additional £344.99 on a gift card in settlement of the claim. They also offered £224 for the distress and inconvenience caused.

Mr S didn't accept this. He didn't want a gift card for the high street retailer and asked about cash settlement. He also felt the compensation offered wasn't enough to reflect the distress and inconvenience caused. He was also unhappy after paying the claim, D&G had cancelled his policy.

Our investigator felt the offer made was fair and that D&G had acted in line with their terms and conditions. As Mr S disagreed it has been passed to me to decide.

### **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.

Whilst I've considered all the evidence provided by both parties, I haven't commented on everything. Instead I've commented on what I consider to be the crux of the complaint.

D&G have accepted they didn't settle the claim initially as they should have done, and the level of service provided wasn't what it should have been. So, I've considered if the way D&G have now offered to resolve the complaint is fair and reasonable and in line with the terms and conditions of the policy.

The policy says: *Accidental damage – (during and after the manufacturer's guarantee). If your product suffers accidental damage (so that the product is no longer in good working order, including TV screen burn-in) at any time while the policy is in force, we will (at our option) arrange a repair (see Repair's below) or arrange a replacement (see Replacements' below).*

Initially D&G arranged for a repair but as the part required was out of stock they decided to replace the TV instead. I'm aware Mr S has explained that an engineer visited his property to fit the new screen and in the process of doing so damaged it. D&G haven't been able to provide any information in relation to this, but I don't doubt Mr S version of events.

However, the policy terms allow D&G to decide how to settle the claim. And following this they decided to replace Mr S TV to resolve things.

The policy says: *Replacements – For accepted claims, we may decide (at our discretion) to arrange for you to receive either a replacement item or give you a xxxx gift card, rather than carry out a repair (for example where we cannot repair it or we decide that it is uneconomical for us to repair your product). For items such as laptops, wearable technology, tablets, headphones or game consoles, we may decide to provide you with either a remanufactured or a refurbished replacement, rather than a new one. All replacements will be of the same or similar make and technical specification as your product. However, it may not be the same colour as your original product. We will not transfer your data to a replacement device.*

When the TV couldn't be repaired, D&G decided to settle the complaint via a gift card which the policy says they may do. They made an error initially in processing a gift card for the wrong retailer, but they later offered Mr S £699 on a gift card for the relevant retailer as they understood that a similar TV was on sale for that price at that retailer. Mr S challenged this as he wasn't able to find a similar TV for that price with the retailer. D&G accepted that Mr S should receive more but later changed their mind. It was only once the complaint came to our service D&G accepted that Mr S should have had £999 on a gift card so he could replace his TV with a similar model from the specified retailer.

The policy says: *Gift cards – The gift card will be for the then current XXXX full retail price of a replacement product of the same or similar make and technical specification and for the*

*cost of delivery. Where the replaced product is a television the gift card value will also include the cost of installation by XXXX (excluding the advanced wall mounting service)*

I can see there was clearly a breakdown in communication and Mr S had to chase D&G on more than one occasion to try and get things sorted. But I think that the final offer made by D&G, to increase the settlement to £999 and pay Mr S an additional £300 on a gift card is fair. As they've shown that an equivalent TV for the specified retailer can be purchased for £999. And the policy terms allow them to settle the claim via gift card. I note D&G also offered to pay an additional £44.99 to cover the cost of delivery/ basic installation in line with the policy terms.

D&G accepts the service provided wasn't at the level it should have been and they offered £200 for the distress and inconvenience caused. Given the time the claim had been ongoing they also added 8% interest bringing the total compensation to £224.

The claim had been ongoing for longer than it should have, D&G didn't offer reasonable settlement until around three months after the claim was made. I'm aware Mr S wasn't without a TV during this time, but he has still been inconvenienced in having to chase D&G to get things fairly resolved. I can understand receiving mixed messages was also distressing and I can understand, given the time that's passed, why he feels more compensation is due.

However, I think D&G's offer of £224 is fair and reasonable in the circumstances. Mr S has experienced distress and inconvenience, but he wasn't without a TV during this time. D&G recognised their error, apologised and offered the appropriate settlement to resolve the claim. It came later than it should have but they took account of this by adding interest to cover the time.

Mr S was unhappy D&G cancelled the policy after the claim was settled. He feels its unfair and is a form of excess when one shouldn't apply. The terms and conditions explain that the policy will only continue if a remanufactured product is provided as a replacement. It is specific that if a gift card is provided the policy will end. D&G chose to replace the TV via gift card, as they are entitled to do, so I don't think they've been unfair cancelling the policy as this was clear at the outset.

I'm aware Mr S is now seeking a cash settlement as he hasn't used the gift card already sent. And he's unhappy with the amount D&G would pay in cash. D&G have said that a cash settlement would be based on an equivalent TV from any retailer which was £629 in August 2021. Mr S thinks a cash settlement should be based on the same model TV he had, taking a guide price from around November 2021. I can understand why Mr S thinks this is how D&G should be looking to resolve things via a cash settlement, however the policy doesn't provide the option of a cash settlement.

As the policy doesn't specify this as a way they will resolve claims, it's at D&G's discretion if to do this. As an equivalent TV can be purchased at other retailers for less than the gift card amount, I don't think they've been unfair in the way they've considered this.

## **My final decision**

My final decision is that Domestic & General Insurance Plc should pay Mr S the additional £344.99 on a gift card for the specified retailer to settle the claim if they haven't already done so. Or If Mr S decides to take a cash settlement instead, cancel the gift card already issued and pay Mr S £629 in cash.

They should also pay Mr S £224 in compensation for the distress and inconvenience caused if they haven't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 June 2022

Karin Hutchinson  
**Ombudsman**