

The complaint

Ms B complains about Domestic & General Insurance Plc (DGI) and their decision to place her on an insurance plan that didn't qualify her to accrue SmartCare (SC) reward points, leading her to believe she'd lost access to the points she had accrued historically.

What happened

In January 2021, Ms B discussed her insurance policies with DGI, with the intention of obtaining a cheaper price. DGI provided Ms B with cheaper options, confirming they would still accrue the SC rewards.

But in September 2021, Ms B was unable to log into the portal where she was able to view, and use, her SC rewards. So, she contacted DGI who confirmed she'd been placed on a policy in January that didn't entitle her to these rewards. Ms B was unhappy about this, so she raised a complaint.

Ms B was unhappy that the new policy she'd taken out didn't qualify for SC rewards, when she made it clear she still wanted access to this benefit. And she was upset that B's mistake had caused her to lose over £2,000 worth of points that she'd accrued historically. So, she wanted these points to be reinstated as well as compensation for the upset she'd been caused. She also wanted DGI to refund her half the cost of the appliances she'd purchased since their error, where she was unable to access her points.

DGI responded and didn't uphold it. They set up a new policy that qualified Ms B for SC points again. But they didn't think they were responsible for Ms B's loss of her historic points, as the SC scheme was run by a separate company, who I'll refer to as "W". DGI advised Ms B would need to contact W to rectify the issue regarding her historic points, and to discuss any compensation or reimbursement for appliances she purchased from January 2021 to that point. Ms B remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and upheld it. They thought DGI made an error when placing Ms B on a policy that didn't qualify for the SC rewards. And initially, they thought this had caused Ms B to lose access to all the historic points she accrued. So, our investigator thought DGI should reimburse Ms B 50% of the cost she paid for the two appliances she bought during between January and September 2021. And they thought DGI should pay Ms B £400 compensation.

But DGI didn't agree with this recommendation. And they provided evidence from W that showed Ms B still had access to her accrued points, worth over £2,000. Because of this, our investigator altered their recommendation. They thought Ms B most likely had access to the points and so, they didn't think DGI needed to reimburse Ms B for 50% of the appliance costs. And as Ms B hadn't lost her opportunity to use the rewards, they thought the compensatory payment should be reduced to £200 to reflect this.

DGI accepted this recommendation. But Ms B didn't. She didn't think the reduction in compensation from £400 to £200 was fair. She didn't think the fact her historic SC rewards were now available took away from the upset and inconvenience she'd been caused by the

service DGI had provided. And she was unhappy that she hadn't received clarification on whether she would continue to accrue them. Ms B also raised concerns about our investigators response to another issue she raised about the potential mis-sale of the policies, if she could no longer accrue points based on the appliances she now has. As Ms B didn't agree, the complaint has been passed to me for a 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached my decision, I think it would be useful for me to explain what I've been able to consider. I'm aware that, in response to our investigators second, revised recommendation, Ms B raised additional concerns about the sale of the policies she held, and the fact she accrued points on items that she shouldn't have done. So, she wanted clarification on whether points would continue to be accrued and if not, have the premiums returned to her.

But this point isn't something I'm able to consider until DGI have had an opportunity to consider it within their complaint process. And I don't think they have. So, this isn't something I've discussed within this decision. Instead, this decision focuses on DGI selling Ms B a cheaper policy without the SC reward benefit and Ms B's inability to access the historic rewards she accrued.

And I don't think it is in dispute that DGI gave Ms B conflicting information when she spoke to them in January 2021. And I think it's accepted that DGI placed Ms B on a policy that didn't accrue SC rewards, when she made it clear she wanted a policy that held that benefit. I think DGI accepted this fault when they accepted our investigator's recommendation. So, as this isn't being contested, I don't intend to discuss this in any further detail.

Instead, I've focused on the main dispute which centres around what DGI should do to put things right to fairly recognise the impact their error has caused Ms B.

Putting things right

Initially, it was thought that Ms B had lost the historic points she'd accrued, worth over £2,000. But I've seen evidence that satisfies me she still has access to these points. The terms and conditions of the SC rewards explain for these points to be valid; a live policy must be in place. I can see DGI reinstated Ms B onto a policy that accrued SC rewards in September 2021 and so, I think Ms B has had access to these points since then.

But I recognise Ms B was unable to confirm whether these points were still available to her between January and September 2021. While I am satisfied the SC rewards are managed and applied by W, I do think DGI had a responsibility to ensure Ms B was able to access these as they were accrued under an insurance policy they provided. And I think they could've done more to assist Ms B. I also think it's likely Ms B wouldn't have encountered the problems she has had DGI moved Ms B onto a policy with the SC reward benefit in January, as she explained she wanted them to do.

So, I think DGI should compensate Ms B for the clear upset and inconvenience she's been caused. I've seen evidence that shows me she's been in contact with both W and DGI seeking answers, without any success. And I think this would've been frustrating and taken time and effort.

But I don't think there has been a financial loss to Ms B because of the error DGI made. It's been confirmed by Ms B herself that the two appliances she received in September were obtained through making a claim on the insurance policies DGI provided. And the fees she paid were upgrade fees, rather than payment for a brand-new appliance outright. So, Ms B's SC rewards wouldn't have been used for these. And Ms B hasn't provided any evidence to show she's purchased other appliances that she would've used the SC rewards for. So, I don't think DGI should reimburse Ms B for the upgrade fees she paid.

And because of the above, I also don't think there is evidence to show Ms B lost the opportunity to use her SC rewards before her SC policy was reinstated in September 2021, as I have no evidence to show she intended to use them. And she now has access to these reward points, while a live policy is in place.

So, considering all of the above, I think the £200 our investigator recommended is a fair one, in line with our service's usual approach and what I would've direct, had it not already been made. I think it fairly compensates Ms B for the upset she would've felt when she realised she'd been placed onto the wrong policy, and the inconvenience and frustration she's experienced when trying to resolve the issue.

But I think it also takes into account the fact Ms B hasn't lost the opportunity to use the historic points she's accrued, as long as she maintains a live policy, in line with the terms and conditions of the SC reward scheme. And the fact that the appliances Ms B received in September were obtained through an insurance claim, rather than a brand-new purchase, meaning the fees she paid were upgrade fees, rather than outright payments for a brand-new appliance. So, I think DGI should pay Ms B £200.

I understand this isn't the outcome Ms B was hoping for. And I appreciate our investigation has led Ms B to have concerns over whether she is able to continue to accrue SC reward points, and the fact she accrued points incorrectly on previous policies. As I've explained above, Ms B will need to raise her additional complaints with DGI before our service can consider these further.

My final decision

For the reasons outlined above, I uphold Ms B's complaint about Domestic & General Insurance Plc and I direct them to take the following action:

- Pay Ms B £200 to recognise the upset and inconvenience she's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 3 October 2022.

Josh Haskey
Ombudsman