

The complaint

Mrs S complains about how Domestic & General Insurance Plc dealt with and settled a claim she made under her appliance insurance for a replacement cooker.

What happened

Mrs S held an appliance insurance policy with Domestic & General Services Limited (DG). This policy was inception on 6 December 2021 to insure a cooker made by a company, which I'll refer to as "R".

Mrs S told DG that the cooker was in good working order at the time the policy was taken out and that it was around 4 years old. No model number was requested by DG or provided by Mrs S.

On 24 January 2022, Mrs S contacted DG to report a fault with her cooker. A claim was raised on her behalf and an engineer was sent to Mrs S' address to inspect the cooker. The cooker was subsequently determined to be beyond economic repair on 22 February. So, Mrs S was invited to replace it with a like for like model under the policy.

Mrs S contacted DG and spoke with the product replacement team. She was sent an electronic link offering replacement options. But the following day Mrs S contacted DG to explain that the models offered weren't the same dimensions as the faulty appliance. A link with alternative appliances was sent to Mrs S, which was based on the information she'd provided about her faulty appliance. Mrs S ordered a new appliance using the link and paid for installation and removal services.

On 5 April 2022, Mrs S contacted DG to explain that the replacement appliance had had to be returned because it was too large and wouldn't fit. She was informed that the fees paid for installation and removal would be refunded and a link was resent with alternative appliances.

On 6 April, Mrs S contacted DG to confirm that the link wasn't working so she hadn't been able to order a replacement cooker. She stated she'd found an appliance made by R, which she wanted to order. But DG explained that this was an upgraded appliance, which was higher in specification to the model it was intended to replace. DG stated that this model could be ordered by Mrs S but it would be subject to an additional charge.

Mrs S was told she could choose a different model, also made by R, which would be available as a like for like replacement at no additional charge. She was informed that this appliance had 7 functions. Mrs S proceeded to order the model proposed by DG directly with a retailer, which I'll call "A". Delivery and installation was booked for 12 April.

Mrs S contacted DG on 13 April and advised that there was discolouration on the front door of the cooker. She also explained that she'd been charged twice for installation and removal services. DG agreed to refund the overpayment and stated that Mrs S would have to report the issues with the cooker's appearance to A directly.

On 20 April, DG received a telephone call from A who explained that Mrs S felt the replacement cooker was inferior in quality as she was unhappy with the number of functions her cooker had. She said it only had one function not 7 as informed by DG. A complaint was subsequently investigated by DG.

In its final response to Mrs S' complaint, DG didn't uphold her concerns. It said it had replaced her faulty appliance on a like for like basis at Mrs S' choosing and had met its obligations under her policy. It also stated that it couldn't uplift and replace the new cooker because it had been already used.

Being dissatisfied with how DG had dealt with her complaint, Mrs S complained to our service. Our investigator assessed the evidence provided. Overall, they thought DG had offered a suitable replacement model. But they thought incorrect advice had been given to Mrs S and that she'd experienced poor service from DG. They thought it should pay Mrs S £200 compensation for the distress and inconvenience it had caused.

DG accepted our investigator's view of Mrs S' complaint, but she didn't. So, I've been asked to decide the fairest way to resolve this complaint.

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 S or DG 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 the complaint as a whole.

The crux of this complaint is whether DG made a mistake, or treated Mrs S unfairly, such that it needs to now put things right.

It's not in dispute that there was a fault with Mrs S' cooker, which couldn't be repaired. It was on this basis that DG decided the cooker was beyond economic repair, which was a correct decision in the overall circumstances.

DG and Mrs S agree that the faulty cooker is covered by the terms of the appliance insurance policy. The terms and conditions of this policy state that where an appliance cannot be repaired it will be replaced with a product "*of a same or similar make and technical specification*".

Here, DG replaced Mrs S' cooker with an appliance with R – the same make as the original model. However, there's a disagreement between Mrs S and DG about whether the replacement appliance offered and supplied is of fair and reasonable quality.

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.

Here, Mrs S' appliance was around 4 years old. So, she was unable to receive an identical replacement cooker due to advances in technology since her original appliance was purchased. DG's duty here is to provide the best match, or nearest equivalent, it can.

Based on the evidence I've seen, I'm satisfied that when DG assessed this claim it was reliant on information regarding the cooker specification as provided by Mrs S because the model number was unknown. I can see that Mrs S provided clear information based on the functionality of the faulty appliance. I'm satisfied that this information was sufficient to enable DG to look at offering suitable replacement models.

From the business records I've seen, it appears that DG incorrectly recorded the width of the faulty cooker, which led to issues regarding the suitability of the replacement appliance Mrs S initially ordered. This error occurred because of the information Mrs S provided about her faulty cooker. So, I can't fairly hold DG responsible for this mistake.

It seems Mrs S would have been happy with the functionality of the first replacement cooker that was delivered to her home. But, due to its size, the appliance wouldn't fit into the space in her kitchen. So, it had to be returned.

The error caused trouble and upset to Mrs S – it was inconvenient for her to have to arrange to be available to take delivery of the replacement appliance and it resulted in her being without a replacement cooker for a longer period because the delivered appliance had to be returned and she then had to reorder a suitable alternative cooker. However, the error wasn't DG's fault and I recognise that it took appropriate remedial action by uplifting and replacing the unsuitable replacement.

When Mrs S recontacted DG to order an alternative appliance, I can see that she had a preferred model in mind. Having considered the specification of the model that Mrs S wanted to order it appears to be a substantial improvement when compared to specification of the original cooker.

I'm persuaded that, if DG had replaced Mrs S' cooker with her preferred model at no additional charge, this would have resulted 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. As I'm satisfied that DG were correct in saying that Mrs S' preferred model was an upgrade, it was fair and reasonable for it to explain that this appliance would be subject to an additional fee.

A like for like replacement is based on specification not cost. This is because the original cost of an appliance doesn't take into account that the market moves on rapidly and costs can decrease quickly as new technologies emerge and existing technologies advance. Therefore, providing an equivalent replacement will become cheaper over time. So, the specification, rather than price, of the replacement model is what's important here.

Having carefully considered the capabilities of Mrs S' original cooker, I'm satisfied that the alternative appliance that was offered by DG and ordered by Mrs S appears to be, on balance, a like for like replacement to the model it replaced. It has a similar number of burners and has a double oven. The model name is the same as is the manufacturer.

As regards the oven's functionality, Mrs S told DG her oven had 8 functions. I've listened to the available recordings of the telephone calls Mrs S made to DG to discuss the replacement of her damaged oven. It's clear that when the second replacement cooker was ordered by Mrs S DG informed her that the appliance had 7 functions. I've seen evidence showing this wasn't correct – it only has one function – and I think it was misleading to give incorrect information to Mrs S.

Even though incorrect information on functionality was given to Mrs S, I'm satisfied that it most likely wouldn't have changed the outcome in terms of the appliance DG was able to offer on a like for like basis. I say this because, based on the evidence I've seen, the only

other appliance Mrs S wanted to consider was an upgrade, which would have incurred an additional payment. She didn't want to pay an additional charge.

In the overall circumstances, while I'm persuaded that DG offered the closest available like for like available equivalent appliance in terms of quality and specification I think distress and inconvenience was caused by the poor service and incorrect advice Mrs S was given.

It's clear that Mrs S is unhappy with the cooker that was delivered and installed at her home in April 2022. So, I've considered whether DG acted fairly in dealing with Mrs S' complaint about the suitability of the cooker she ordered.

There's evidence that Mrs S informed A that the cooker didn't have as many functions as she wanted. But it doesn't appear that she informed DG of this concern before using the appliance. It was in fact A that informed DG of Mrs S' concerns regarding the functionality of her delivered replacement cooker. This was 8 days after the cooker had been delivered and installed. By this point Mrs S had already spoken to DG about concerns regarding discolouration of the appliance.

Mrs S said she was informed by A not to contact DG about her functionality concerns and told she could use the cooker while a new replacement was being sent to her. But I haven't seen enough evidence to persuade me that this authority was given to Mrs S. And I think it's unlikely A would have told her not to contact DG as it already knew about the issues regarding discolouration and would have needed to have authorised any replacement – as it did with the first replacement oven Mrs S ordered.

Bearing in mind that the functionality of the cooker was clearly important to Mrs S, I would have expected her to have checked this as soon as the appliance was delivered. I also would have expected her to inform DG that the cooker wasn't suitable – as she'd reported to A. Had Mrs S contacted A at the outset to report her concerns she could have, at that stage, have asked it to uplift and replace the cooker for one that she deemed to be more suitable.

In using the cooker, DG were deprived of the opportunity to arrange for the appliance to be uplifted in an unused condition. As it was used when DG became aware of the concerns regarding its functionality it couldn't return the cooker to the retailer in a saleable condition. I therefore can't fairly say DG acted unfairly in declining to uplift and replace the delivered replacement. It wouldn't be fair for me to direct DG to replace a used and functioning item.

I appreciate that Mrs S is unhappy with the discolouration on the front of her cooker. However, I'm afraid that she'll need to pursue this issue with A. I can't ask DG to resolve this concern because Mrs S contacted A directly to order the replacement cooker. As our investigator has told Mrs S, A isn't regulated and we can't hold it to account for what may or may not have happened.

I understand that an error led to Mrs S being charged twice for installation and removal. I can see that DG refunded the overpayment as soon as it was aware. But it isn't clear why the payment was duplicated. This wasn't an insignificant amount of money and it was unfair to charge Mrs S twice unnecessarily. It's an example of poor service.

As I've already mentioned, Mrs S experienced poor service and was provided incorrect information about the functionality of her replacement cooker. Like our investigator I think a compensatory award is warranted to reflect the trouble and upset Mrs S would have been caused.

In the overall circumstances, I'm satisfied the £200 compensation award recommended by our investigator is a reasonable amount that fairly recognises the impact the errors and

service issues had on Mrs S. This is in line with awards made by this service in comparable circumstances.

I understand that Mrs S is seeking a higher award. But the compensation recommended by our investigator is what I would have told DG to pay had an award not been suggested already. I'm sorry to disappoint Mrs S but I haven't seen enough evidence to persuade me that a higher compensation award is merited. So, I'm not directing DG to pay more than the compensation recommended by our investigator.

Putting things right

To resolve this complaint, I'm persuaded that DG should pay Mrs S £200 compensation to recognise the impact of the poor service it provided and incorrect information Mrs S was given.

My final decision

My final decision is that I uphold this complaint in part. Domestic & General Insurance Plc should pay Mrs S £200 in compensation to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 15 February 2023.

Julie Mitchell
Ombudsman