

## The complaint

Mr C is unhappy with the settlement Evolution Insurance Company Limited (Evolution) offered for his washer dryer under his appliance insurance.

## What happened

After a number of failed repair attempts, Mr C claimed under his appliance policy when his washer dryer was deemed beyond economical repair (BER). Evolution offered a £370 voucher which was the cost of a replacement appliance based on a similar specification. Mr C didn't think the appliance it based the offer on was of a similar quality, so he complained to Evolution.

Evolution told Mr C that the terms and conditions of the policy required it to pay a contribution towards a similar model, not on a like-for-like basis. Therefore, it didn't increase its offer.

Mr C complained to Evolution that it had sold him a policy knowing that parts wouldn't be available to repair his existing appliance. He also said Evolution should provide vouchers for a like-for-like replacement.

Evolution issued a final response to the complaint in which it said the replacement parts had become obsolete and maintained its offer of £370 for a similar model, relying on the following policy terms and conditions:

*If your appliance is no more than 5 years old, we will supply vouchers to the value of the current retail price of a similar model, subject to policy limits.*

Mr C remained unhappy, so he brought his complaint to us.

To begin with, one of our investigators thought Evolution had made a fair offer. However, Mr C said the appliance was not available for the amount offered. Our investigator tried to resolve the complaint informally by asking Evolution whether it would increase its offer by £29 to reflect the retail value of the similar model. Evolution placed conditions on the suggested offer, but the conditions couldn't be agreed.

Our investigator looked into the complaint, and she thought it should be upheld. While she didn't think Evolution should pay for a like-for-like appliance, she said the voucher should cover the cost of the retail value of the appliance on the date of settlement, capped at the retail price of Mr C's original appliance.

Evolution didn't agree. It said the terms and conditions only provided for a contribution towards the appliance replacement. And, had Mr C accepted its offer at the time, the appliance would've been available to him for the settlement amount.

I issued a provisional decision in August 2024 explaining that I was intending to uphold Mr C's complaint. Here's what I said:

## **provisional findings**

*The relevant regulator's rules say that insurers must handle claims promptly and fairly. There's no dispute about the attempted repair, and I haven't seen anything to suggest Evolution caused any significant delays in handling Mr C's claim.*

*The policy sets out the contract between Mr C and Evolution, so I've looked at whether its settlement was in line with the terms and conditions.*

*Evolution attempted repair but, because parts were obsolete, it deemed the appliance BER. While Mr C doesn't think that it should've sold him cover if parts weren't available, I can't agree it's as simple as that. When Evolution offered cover, it wouldn't be expected to know how long the manufacturer would be producing the parts. As the policy provides for a contribution towards a replacement in the event of being BER, I don't think the policy put Mr C at a disadvantage.*

*Turning to the settlement amount, Evolution based its offer on the selling price of a similar model at a well-known retailer. The terms and conditions clearly state that any offer will be for a similar model, not a like-for-like appliance. Looking at the specifications, the suggested model is similar or better than Mr C's appliance in respect of functions, capacity and efficiency. The policy doesn't provide for a similar quality, which I understand Mr C was unhappy about. However, I'm satisfied that, on the face of it, Evolution made an offer in line with the contract.*

*So, I've considered whether Evolution's offer was fair in the circumstances. I don't think it was, and that's because:*

- *Evolution hasn't provided any evidence that the suggested similar model was priced at £370 when it made its offer.*
- *The usual retail price of the suggested model was £429.*
- *Mr C wouldn't have been able to buy the suggested model for the amount offered unless he were to wait and hope for a promotional offer.*

*I've thought carefully about what Evolution should do to make the offer fair. The retailer from which it sought prices shows the retail price as £429, although it no longer stocks the suggested model. A quick online search suggests that it isn't available to purchase elsewhere. Nine similar models on the retailer's site are priced between £420 and £480.*

*So, to prevent further dispute about the retail price at the date of settlement, I'm minded to require Evolution to offer a voucher of £445. This is broadly the average price of the available similar models and reflects the price of the nearest equivalent to the appliance Evolution suggested. I think that would be a fair outcome.*

*I've considered Evolution's comments in response to our investigator's view. It placed emphasis on the word 'contribution', and said the policy was for a sum insured rather than a replacement appliance. From this, I understand Evolution is suggesting it isn't liable for the full cost of a replacement appliance. Looking again at the policy wording, it says:*

*If your appliance is no more than 5 years old, we will supply vouchers to the value of the current retail price of a similar model, subject to policy limits.*

*Mr C's appliance was less than five years old, and his policy limit was £1,000. So I think it's fair to say Evolution should "supply vouchers to the value of the current retail price of a similar model". The policy does not state that it will supply vouchers to cover part of the value. Reading on, the policy further states:*

*If your appliance is more than 5 years old, then the value of vouchers will be calculated based on the current value of the appliance, after annual depreciation of 10% is applied.*

*Therefore, I think it's fair to infer that no deduction will be made for Mr C's appliance, and he can reasonably expect a voucher to cover the full cost of replacement with a similar model.*

*In summary, while Evolution's offer was in line with the policy wording, I don't think it was a fair offer in the circumstances, based on the evidence available.*

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

## **Responses**

Mr C accepted my provisional decision.

Evolution disagreed and asked for further consideration of three points.

## **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've decided to uphold Mr C's complaint for the same reasons I gave in my provisional decision. However, as Evolution disagreed with my decision, I'll address its points now.

In response to my comment of:

- Evolution hasn't provided any evidence that the suggested similar model was priced at £370 when it made its offer.

Evolution said, "...at the time the voucher was offered... the price of the appliance was £370. Although we do not have evidence to show the price at the time of claim, we can confirm the price of the appliance was £339 on the 12th February 2024 as confirmed in our previous correspondence... This clearly shows that the price of the appliance fluctuates and we simply utilised [sic] the price available at the time of the claim. The price was £370 at the time and therefore this was the amount that was offered at the time. It would be disproportionate for us to work out the cost of the boiler [sic] utilising [sic] an average from the past 12 months."

I've noted Evolution's evidence that the appliance was a lower price in February 2024. My role is to decide whether Evolution made a fair offer to Mr C when he claimed under his policy. As Evolution can't evidence that its offer was based on the full retail price of a replacement, similar model at the time of his claim, I can't reasonably conclude that its offer was fair.

In response to my next two comments of:

- The usual retail price of the suggested model was £429.
- Mr C wouldn't have been able to buy the suggested model for the amount offered unless he were to wait and hope for a promotional offer.

Evolution said, "*Had (Mr C) accepted this offer at the time it was initially offered,*

*the appliance would've been available to him to purchase utilising the voucher of £370. (Mr C) would not have been required to wait and hope for a promotional offer had he accepted the voucher however he continually refused to do so. Furthermore, a similar model can be found on the same website for £349... This supports our position that (Mr C) would not have been required to wait and hope as this was/is readily available should (Mr C) have simply accepted our offer. It appears we have been made to be panelised [sic] for (Mr C)'s failure to do the same."*

As I've said, Evolution hasn't provided evidence that the appliance was priced at £370, so I can't fairly conclude that Mr C would've been able to buy a replacement with the voucher offered. He was entitled to challenge Evolution's offer, so I don't consider it reasonable to say he should've simply accepted the offer.

In my provisional decision, I explained that the retailer Evolution used to source appliances had nine similar models to the one it had suggested to Mr C, priced between £420 and £480. Evolution has now provided a link to another appliance priced at £349. I don't doubt that similar models will become available over time and at various prices, whether that be full price or at a promotional price. My decision is based on Evolution's offer when Mr C made his claim, but, for completeness, I've looked at the link Evolution provided for another replacement. The model is a freestanding washer dryer with an energy rating E. Mr C's appliance was an integrated washer dryer with an energy rating C. Therefore, it is not a similar model.

Overall, I remain of the view that Evolution did not make a fair offer to settle Mr C's claim. I consider a voucher of £445 towards a replacement model is fair and reasonable in the circumstances.

### **My final decision**

For the reasons I've given here, and in my provisional decision, my final decision is that I uphold Mr C's complaint and Evolution Insurance Company Limited must:

- settle Mr C's claim with £445 of vouchers towards a replacement appliance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 September 2024.

Debra Vaughan  
**Ombudsman**