

The complaint

Miss N complains about Domestic & General Insurance Plc (D&G) cancelling her household warranty protection policies.

D&G use agents to administer the policy and to assess claims. References to D&G include these agents.

What happened

Miss N had a number of protection policies with D&G, variously covering a range of kitchen and other appliances, as well as electrical devices including TV and computer equipment, games consoles and mobile phones.

In April 2024 D&G wrote to Miss N to say her account had been flagged due to unusual activity. They had reviewed claims made by Miss N under her policies and reached several conclusions. These included failure to comply with certain conditions and obligations required of Miss N (under the policy heading 'Your responsibilities') and claims made being too frequently, appearing to be coordinated, occurring too soon after policy inception (warranty inception) or being so unusual as to indicate they were unlikely to be coincidental or unintentional. D&G said they were cancelling the policies (with seven days' notice) and would refund premiums paid for any unused period of policy.

Unhappy at D&G's decision to cancel her policies, Miss N complained.

D&G didn't uphold the complaint. In their final response they said her policies had been investigated due to an unusually high number of claims. From review of her claims history, there had been what D&G considered to be an excessive number of water/liquid related damage and cracked/smashed screens claims in excess of what D&G considered justifiable coincidence, even allowing for Miss N's circumstances. D&G said the terms of the policies included a right for them to cancel policies where they had reasonable grounds in relation to claims. So, they had exercised the right to cancel her policies.

Miss N then complained to this Service, unhappy at D&G cancelling her policies. Being disabled with disabled children and on a low income, she needed protection for appliances and devices. She hadn't made a claim for a year. She wanted compensation for the stress of what had happened and being unable to get alternative cover elsewhere, and for D&G to reinstate her policies.

Our investigator didn't uphold the complaint, concluding D&G didn't need to take any action. He noted D&G's review of Miss N's policy and claims history, including the number of claims, the nature of damage claimed for, and the number of claims made close to policy inception (some where premium payments hadn't been taken) as well as policies cancelled soon after repair or write off of devices. Based on this, the investigator concluded D&G hadn't acted unreasonably in cancelling the policies.

Miss N disagreed with the investigator's view and requested that an ombudsman review the complaint. She disagreed with what D&G told this Service about the number of claims she'd

made under her policies and that water damage had never been the reason for claims she'd made. As a consequence of D&G cancelling her policies, she'd been without contents insurance. She'd made payments under the policies without exception. She thought D&G had defaulted on their contractual commitments to her under the policies, which were for unlimited number of claims and callouts. Because D&G had cancelled her policies, this made other insurers reluctant to offer alternative cover (particularly for her TV equipment, which only D&G provided cover).

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.

I'd first want to acknowledge what Miss N has told us about her personal and family circumstances, including disability, and I recognise the challenges this brings. I've borne this in mind when, as is my role here, deciding whether D&G acted fairly towards Miss N.

The key issue in the complaint is whether D&G acted fairly in cancelling Miss N's policies because of what they consider to be unusual activity, including an excessive number of claims for damage from water/liquid and cracked/smashed screens. D&G say they are entitled, under the policy terms, to cancel policies in such cases. Miss N says it was unfair to cancel her policies and she hadn't made a claim for a year.

D&G's letter giving notice of the cancellation of Miss N's policies and their final response letter refer to their right to cancel a policy (or, in this case, to cancel all the policies held by Miss N) where they had reasonable grounds in relation to a claim. When providing their business file to this Service as part of our investigation of Miss N's complaint, D&G referred to the following policy term:

"Our right to cancel your policy or bring it to an end

If we have reasonable grounds to believe that you have (or anyone acting for you has) claimed under this policy knowing the claim to be dishonest, exaggerated or fraudulent then we may cancel the policy immediately without any refund of premium or excess (see 'Fraudulent activity' below)."

Having considered carefully all the information and evidence in this case, from Miss N and D&G, I've concluded D&G acted fairly in cancelling her policies. I know this will be disappointing to Miss N, so I'll set out the reasons for reaching this conclusion. Given it was D&G's decision to cancel the policies, I've considered the evidence and information their decision was based on.

Looking at D&G's case notes, they refer to findings from their fraud department. In summary these findings relate to the reasons for claims (water/liquid damage and cracked/smashed screens). Damage to TV, computer equipment and mobile phones account for 72% of claims and D&G deem them not to be coincidence. Also, half of claims were made within 90 days of policy inception, leading D&G to conclude plans were taken out to facilitate repairs. And in some cases, claims were made when limited numbers of direct debit premium payments (or none) had been taken as claims were within 30 days of inception (and plans were cancelled after repairs or write offs. In the case of two policies, one where four claims were made within days of inception (and no direct debit payments made) and the second where five claims made within six weeks (one direct debit taken). So, D&G were paying claims before premiums were taken, or very shortly after an initial premium.

Turning to the incidence and number of claims – something Miss N disputes - we asked D&G to provide detailed information on the claims history that formed the basis of their decision to cancel Miss N's policies. The information provided shows 46 claims made across the policies since April 2020 (11 since January 2023) of which 24 claims were made within 90 days of policy inception (8 of 24 within two weeks).

While I appreciate what Miss N has said about her circumstances, I've concluded the evidence reasonably supports D&G's decision to cancel Miss N's policies. Miss N says she took out the policies on the basis they provide for unlimited call outs and/or claims. However, this doesn't mean D&G are obliged to accept them where they have reason to question their frequency, incidence and number.

In reaching this conclusion, it's important to note my role isn't to determine whether Miss N acted fraudulently – it's to decide whether D&G acted fairly and reasonably in cancelling the policies on the grounds they set out.

Based on the points above, then I've concluded they acted fairly and reasonably in cancelling Miss N's policies. So, I won't be asking them to take any further action.

My final decision

For the reasons set out above, it's my final decision not to uphold Miss N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 28 October 2024.

Paul King
Ombudsman