

The complaint

Mr T complains that Domestic & General Insurance Plc (“D&G”) unfairly declined a claim under his breakdown care insurance policy.

What happened

The detailed background to this complaint is well known to both parties, so I’ll only summarise the key events here.

In 2020, Mr T bought a freezer. He opted to take out a breakdown care insurance policy, underwritten by D&G, which covered him for accidental damage, breakdown, unlimited repairs, and a replacement freezer if it couldn’t be repaired.

Shortly after purchase, the top tray in the freezer cracked and broke. Mr T contacted the store he bought the freezer from and the manufacturer, but neither company would assist. So, in February 2024, Mr T wrote to D&G and explained what had happened and asked it to take responsibility.

D&G treated Mr T’s letter as a complaint. It acknowledged Mr T’s concerns and said it would investigate them.

In April 2024, D&G issued its complaint response letter explaining that whilst Mr T’s policy did cover this type of incident, the policy had lapsed in March 2024. It said as Mr T hadn’t made a claim to D&G within the policy period, it couldn’t assist.

Mr T didn’t think this was fair given that he’d contacted D&G a month before the policy expired. He brought his complaint to our Service.

Our Investigator was satisfied D&G had acted in accordance with the policy terms and hadn’t treated Mr T unfairly. So she didn’t uphold the complaint. As Mr T didn’t agree, the complaint was passed to me to decide and I issued the following provisional decision.

My provisional decision

The Financial Conduct Authority’s (FCA) Insurance Conduct of Business Sourcebook (ICOBS) requires businesses to handle claims promptly and fairly, provide information on the claim’s progress, and to not unreasonably reject a claim.

The terms and conditions of Mr T’s policy say:

*“How to make a claim
To make a claim please contact us as soon as possible by telephone on [phone number] or online at [website address].”*

I can’t see that Mr T did this. Instead, he contacted the store and the manufacturer directly. He didn’t contact D&G until some time later, by letter. So I’m not satisfied he followed the correct claims process.

That said, Mr T did report his claim to D&G within the policy period. And just because he wrote to them instead of calling, this doesn't mean it's fair for D&G to avoid responsibility for a valid claim, especially as it hasn't demonstrated any prejudice by Mr T's failure to comply with the claims process.

D&G say that *"by the time [Mr T's] complaint could be investigated"*, the policy had lapsed. But that's not Mr T's fault. It was D&G's decision to treat this as a formal complaint, rather than passing it to the claims team.

Ultimately, the damage occurred within the policy period and the claim was notified within the policy period. The fact that D&G didn't get time to investigate it before the policy lapsed isn't a valid reason to reject the claim. So it follows that I don't think it acted fairly by doing so.

Responses to my provisional decision

Mr T accepted my provisional decision.

D&G said it would be willing to accept my provisional outcome, but that it can't arrange a claim under a lapsed policy. It provided the following options as a way forward:

- 1) Mr T would need to purchase a replacement freezer tray himself, and D&G will reimburse the cost,
or
- 2) D&G would be willing to replace the freezer as a gesture of goodwill, in lieu of the £100 compensation payment, but it would only provide vouchers for the store Mr T purchased his freezer from originally and it wouldn't pay for installation or removal costs.

I asked for Mr T's comments on D&G's proposed options. I don't intend to set out his response in full, but the key points are:

- He's already tried to source a replacement tray himself to no avail. Neither the retailer nor manufacturer held spare parts. He was given a list of third-party suppliers by the manufacturer, and he's contacted them all, but no one has the part.
- The offer to replace the freezer with vouchers isn't a gesture of goodwill, it is what the policy says D&G will do in the event that it is unable to repair the damage or replace the part.
- He objects to receiving vouchers for the original retailer as he's lost faith in them. His preference is for D&G to source a replacement tray, but if this can't be done he would like the cost of a replacement freezer as a cash settlement so he can purchase a new one from a different store.

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 remain of the opinion set out in my provisional decision.

Whilst I've thought about the options put forward by D&G to resolve this complaint, I don't consider them to be fair or reasonable. I say this because:

1. Mr T has already explained to D&G that he's tried to source the replacement tray himself and has been unsuccessful. So option one isn't a viable solution.
2. As Mr T has correctly pointed out, option two is what the policy says D&G will do if its unable to repair the damage or replace the part. So I think it's disingenuous to position this as a gesture of goodwill and to suggest it be in place of a compensation payment awarded for the distress it has caused.

I appreciate D&G say it can't arrange a claim under a lapsed policy, but it hasn't explained why not. And as I've already explained, Mr T's policy wasn't lapsed when he contacted D&G for assistance. So I see no reason why it can't action this claim in the way I've set out in my provisional decision which is in line with the remaining policy terms and conditions.

The policy terms say:

"Accidental damage

If your product suffers accidental damage at any time (so that the product is no longer in good working order) we will (at our option) do one of the following: arrange a repair, arrange a replacement or pay the cost of replacing your product in vouchers."

As such, D&G should deal with the claim in line with these terms. I appreciate Mr T doesn't want vouchers for the original retailer as he's lost faith in them. However, the policy is clear that this is one of the ways in which D&G can settle the claim.

My final decision

For the reasons I've explained, I uphold this complaint and direct Domestic & General Insurance Plc to:

- deal with Mr T's claim for a broken freezer tray in line with the remaining policy terms and conditions,
- pay £100 compensation for the distress and inconvenience Mr T has been caused by having his claim declined unfairly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 17 October 2024.

Sheryl Sibley
Ombudsman