

The complaint

Mrs K complains that Domestic & General Insurance Plc ('DGI') declined a claim for a washing machine on her domestic appliance insurance policy.

What happened

In May 2024 Mrs K took out an insurance policy over the phone with DGI to cover her washing machine. In July 2024, her washing machine suffered a fault, so she contacted DGI to make a claim.

Due to the proximity between the date of the claim, and the date Mrs K took out the policy, DGI asked Mrs K if she could provide proof of purchase of her washing machine. But Mrs K said she couldn't provide this, so DGI wouldn't deal any further with her claim.

Mrs K complained DGI had mis-sold the policy to her. She said she hadn't initiated the sale, DGI had approached her. And she'd told DGI during the sales call she wasn't sure how long ago she'd bought the washing machine.

DGI provided a final response in July 2024 in which it said it had given Mrs K the correct information during the sale and it was entitled under the policy terms to ask her for proof of purchase. Since she hadn't provided this, it had now sent her a 21-day cancellation warning letter and had suspended her direct debit while it awaited proof of purchase.

Our investigator didn't think DGI had acted unfairly. She said it wasn't unreasonable that DGI had asked for proof of purchase as the policy terms allowed it to do this and it's not unusual or unreasonable for an insurer to take steps to validate a claim. She also said that, having listened to the call where the policy was sold, although there was some discussion around the date Mrs K bought the washing machine, Mrs K didn't tell DGI she didn't have proof of purchase.

Because Mrs K didn't agree, the complaint was referred to me to decide. I issued a provisional decision upholding the complaint, and I said:

"Mrs K's complaint that the policy was mis-sold arose because DGI wouldn't progress her claim without the proof of purchase it requested, and she says when the policy was sold she wasn't told she might need this if she made a claim. So, I think the logical starting point here is to first consider if the decision to decline the claim and cancel the policy was fair.

I don't think it was unreasonable for DGI to have asked Mrs K for proof of purchase. The policy terms allowed it to do this, and the claim was made close to the start date of the policy. So, I don't think it was unusual that DGI would seek to validate the claim.

However, I don't think the terms gave DGI a clear, express right to decline the claim or cancel the policy solely because Mrs K couldn't provide proof of purchase. So, I don't think the lack of proof of purchase alone was enough for DGI to have reasonably taken the actions that it did.

It is a general principle of insurance that a policyholder must prove their loss, which includes proving they own an item they are claiming for. So, irrespective of the policy terms, the lack of proof of purchase potentially could have given DGI a reasonable basis to decline the claim.

We won't always agree it's fair for an insurer to decline a claim if a consumer hasn't been able to provide proof of purchase. We'll consider the individual circumstances to decide this. So, I've thought about whether Mrs K's lack of proof of purchase for her washing machine provided reasonable grounds for DGI to decline her claim.

Mrs K said she'd paid about £250 for her washing machine and I understand given the age of it the machine it was outside the manufacturer's warranty. Given the age and value of the machine, I don't think it was unusual Mrs K no longer had proof of purchase. I think it's likely many other consumers would be in the same position.

I think there's more DGI could reasonably have done if it had concerns about Mrs K's ownership of the machine. It could, for example, have carried out an inspection to satisfy itself of the presence of the machine and the existence of a fault. Or, it could have requested Mrs K provide photos of the machine, and any documentation she still had for it. Additionally, if Mrs K owned her property, the likelihood would seem low that she wouldn't own a washing machine, so DGI could have asked Mrs K if she owned her home and for some proof of that.

I don't dispute Mrs K didn't provide proof of purchase. But I don't think it was fair and reasonable for DGI to have declined the claim and cancelled the policy solely because of that. If the lack of proof of purchase had raised concerns for DGI, I would have expected it to have shown what those concerns were. And given it isn't unusual for a consumer in Mrs K's position to no longer have had proof of purchase, I'd have expected DGI to have carried out reasonable further enquiries and considered any other evidence which may have helped to establish Mrs K's ownership of the washing machine.

But I don't think DGI has shown that it did more after it became aware Mrs K couldn't provide proof of ownership and still had reasonable concerns about ownership. So, I think DGI acted unfairly by declining the claim and cancelling the policy. I've thought about what it should do to put things right.

Mrs K has explained she has now bought a new washing machine, but for several weeks she had to use a launderette and she's had to pay interest since she bought her new washing machine on finance.

The policy terms say if DGI can't complete a repair and can't replace an item, it will pay vouchers which are for the full retail price of a replacement product of the same or similar make and specification.

Mrs K has already replaced the washing machine and did not do so unreasonably. So, to ensure she receives the same amount she would have been entitled to under the policy, subject to her providing a receipt or invoice if requested, DGI should pay her a cash settlement equivalent to what it would have cost her to replace her old washing machine with a new one at full retail price of the same or similar make, model and specification.

I think DGI should pay settle Mrs K's claim in accordance with what the benefit the policy provides under the heading 'Replacements' – however, it should pay Mrs K cash instead of vouchers to reflect that she's already bought a replacement.

Subject to Mrs K providing a copy of her finance agreement, DGI should also reimburse Mrs K the cost of any interest she has already paid on this agreement and any remaining interest payable, and pay her £150 compensation for the launderette costs she incurred and the distress and inconvenience caused by unfairly declining her claim and cancelling her policy.

Because I'm asking DGI to honour Mrs K's claim, I won't be considering further the merits of the complaint about the sale of the policy. This is because Mrs K will be receiving the benefit of the policy by DGI settling her claim. So, were her policy to have been mis-sold, she would not be entitled to receive a refund of her premium in addition to this."

Mrs K accepted the provisional decision, but DGI did not. In summary, it said:

- There are several reasons why it may ask for proof of purchase, but proof of ownership isn't one of them. Given Mrs K claimed after only a few weeks of taking out the policy, the overriding reason here was to ensure she hadn't bought a machine which was already faulty and tried to claim for it.
- It hadn't misled Mrs K at any point or set any false expectations. But it doesn't think the same is true of Mrs K. It says Mrs K has provided several false statements including that she'd said at the point of sale she didn't have proof of purchase and had been told by DGI she wouldn't need it.
- The only piece of evidence which it thinks could prove Mrs K hadn't bought a faulty washing machine to claim on would have been proof of purchase that she'd bought the machine in 2017.

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 don't dispute DGI were entitled to ask for proof of purchase, or that there reasons why it asked for this. The question here, though, is whether it was fair for DGI to decline the claim solely because Mrs K couldn't provide proof of purchase.

The policy terms don't say DGI can decline a claim just because proof of purchase isn't provided. The section of the terms containing DGI's right to ask for proof of purchase says DGI can decline a claim if it believes a claim is false or exaggerated. But DGI has never accused Mrs K of making a fraudulent claim. And if it had done, it would be for DGI to show the claim likely was fraudulent. It would not be enough for DGI simply to have suspicions, DGI would need to provide evidence showing the claim was false or exaggerated.

It's not unfair for an insurer to validate a claim. But I don't think that was the issue here based on DGI's comments. And if it had been, there were other ways the validity of the claim could have been checked – such as by inspecting the washing machine and checking if it was faulty to ensure a loss had arisen.

DGI's main concern was Mrs K may have made a false claim by buying a faulty washing machine and then trying to claim for it. And it's said proof of purchase would be the only evidence Mrs K could have provided to show otherwise. In practice, this means because Mrs K made the claim towards the start of her cover, DGI's assumption was the claim was fraudulent unless Mrs K could prove otherwise.

I think this approach imposed an unwritten condition that Mrs K couldn't use her policy at that point in her cover unless she had proof of purchase. And I don't think that's fair, since I

don't think it's unusual a consumer wouldn't have proof of purchase for a seven year old washing machine, and since Mrs K wasn't told by DGI she would need proof of purchase to use the cover.

Putting things right

I require DGI to do the following:

- Subject to Mrs K providing a receipt or invoice if requested, pay her a cash settlement equivalent to what it would have cost her at full retail price to replace her old washing machine with a new one of the same or similar make, model and specification.
- Subject to Mrs K providing a copy of her finance agreement, reimburse her the cost of any interest she has already paid for her replacement washing machine, and the balance of any remaining interest payable under that finance agreement.
- Pay Mrs K £150 compensation for the launderette costs she's incurred, and the distress and inconvenience caused by unfairly declining her claim and cancelling her policy.

My final decision

I uphold this complaint and I require Domestic & General Insurance Plc to carry out the steps I've set out in the 'Putting this right' part of this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 19 March 2025.

Daniel Tinkler
Ombudsman