

## **The complaint**

Miss T has complained that Domestic & General Insurance Plc (D&G) have cancelled all her policies with them and alleged unusual activity .

## **What happened**

On 1 November 2021 Miss T took out a policy with D&G to cover her son's PS5 Games console. The policy covered accidental damage and mechanical breakdown.

In June 2024 Miss T made a claim for accidental damage to a PS5 controller, and on 30 July 2024 D&G wrote to Miss T to advise that they are cancelling this and her other policies from 9 August because she didn't comply with certain conditions and obligations of the policy and her claims were too frequent, appear co-ordinated and occur too soon after warranty inception and they therefore think it's unlikely to be co incidental or unintentional. They refunded the remaining premium of £4.55.

Miss T complained, and D & G issued their final response on 6 August 2024 in which they confirmed their decision to cancel all of Miss T's policies.

Miss T was unhappy with this response and brought her complaint to us.

One of our investigators has looked into Miss T's complaint and she thought D & G hadn't acted fairly as they hadn't provided sufficient evidence to show that Miss T had acted fraudulently. She recommended the policies were reinstated and D&G paid £200 compensation.

D & G disagreed with our investigators view, and so the case has come to me to review.

## **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'm upholding this complaint, and I will explain why below.

I have to consider whether D&G have acted fairly and in line with the terms and conditions when cancelling the policy.

D&G's policy terms say:

*"If we have reasonable grounds to suspect that your claim is in any way dishonest, exaggerated or fraudulent, then we may cancel the policy immediately without any refund of premium or excess (see fraudulent activity below)*

*We may cancel this policy as well as any other policies you have with up where there is a valid reason for doing so by giving you at least 7 days written notice. Valid reasons include, but are not limited to the following:*

*Where you fail to comply with certain conditions and obligations (see “Important conditions” and “Your responsibilities” above).”*

#### Important conditions

*All the information you give must be true, factual and not misleading when you take out the policy and when you make a claim. Your product must:*

*Have been installed maintained and used in accordance with the manufacturer’s instructions.*

So, D&G are entitled to cancel the policies provided they have “reasonable grounds” to suspect dishonest, exaggerated or fraudulent claims.

To support this, D&G have said:

*Your cover has been flagged by our system due to unusual activity which prompted further investigation. After carefully reviewing the claims and transaction history, our risk officer has concluded, based on reasonable grounds and sufficient evidence, to withdraw the cover and has issued a letter notifying the decision. We appreciate that this news is disappointing. Cancelling an account is not something we do lightly. We arrived at this decision only after careful consideration. From time to time when such a decision is taken, the possibility of this action is outlined in your plan agreement. Please accept our apologies for any inconvenience caused.*

They have further explained to us that their concerns stemmed from three claims:

In May 2022 Miss T claimed for accidental damage of two PS5 controllers. D&G were concerned about this as the PS5 only comes with one controller and they wanted proof that it had been bought with two.

In September 2022 Miss T claimed for damage to another PS5 controller and sent in one controller, which D&G noted was different to the one from last time. The previous one was a “batman” controller. D&G honoured both of these claims but now think they are “appliance fronting”.

In June 2024 Miss T made a further claim for a PS5 controller which triggered this cancellation.

D&G were unable to provide us with any evidence about the 2022 claims and I don’t consider it fair for D&G to rely on two claims from 2022 which they honoured, and now cannot provide any evidence about. If they had concerns about these claims, they should have raised them at the time, not two years later. In addition, I can see from the policy information that D&G have sent to me that in respect of the September 2022 concerns, these are likely unfounded as Miss T had a previous policy for a “Batman” PS4.

I asked D&G to provide me with details of all the policies held by Miss T and all the claims. Looking at the data, I can see that Miss T has been a longstanding customer of D&G since at least 2019, and since then has taken out a total of 49 policies with them for almost every type of household appliance, some paid for monthly and some purchased outright at the point of sale.

At the time that D&G cancelled the policies in August 2024, Miss T held 20 policies with D&G, 12 of which had never had claims made on them. She had made claims on the policies for her cooker, tumble dryer, washing machine and games consoles.

Four of the live policies at the time of cancellation were for games consoles, two of which were for PS5's and two were for unspecified games consoles.

Miss T has confirmed to us that within the house there are two PS5 consoles, two Metaquest 3 headsets and a Nintendo switch.

Taking this all into account, I don't think that the number of claims Miss T has made are unreasonable given that she has so many policies with D&G, and as it is evident that the majority have never been claimed on, I can't fairly say her claims activity is unusual or disproportionate.

In respect of the appliance fronting claim by D&G, I have seen no evidence to support this, and given that Miss T holds a number of games console policies and has multiple consoles in the house, it is likely that she also has multiple controllers which could well have been mixed up.

I also note that Miss T has a son with additional needs, and that the incidence of accidental damage claims is likely to be higher as a result of this.

And so, in conclusion, I'm not satisfied that D&G have provided any evidence that they acted fairly and reasonably when cancelling all of Miss T's cover in August 2024 and I think they should reinstate the 20 policies that they cancelled.

### **Putting things right**

In order to put things right D&G should

- Reinstate all the policies that were cancelled in August 2024 and that Miss T confirms that she wants reinstated (it may be that some of the appliances no longer need insuring). Miss T will need to repay any refunds received for point-of-sale policies and start to make payments again on the monthly policies for the policies to be effective. I don't consider that she should have to pay backdated monthly premiums from the cancellation dates until now as she hasn't received cover during this period.
- Pay £200 compensation for distress and inconvenience caused
- Remove any fraud markers from Miss T's internal and external records.

### **My final decision**

My decision is that I'm upholding Miss T's complaint about Domestic & General Insurance Plc and asking them to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 30 April 2025.

Joanne Ward  
**Ombudsman**