DRN-5398285

The complaint

Mr S complains about Domestic & General Insurance Plc's (D&G) handling and decline of a claim made under his cooker insurance policy.

What happened

Mr S has an insurance policy for his cooker with D&G, this provides cover for breakdowns and accidental damage.

Following a fault with Mr S' cooker, he contacted D&G for assistance. An engineer attended and Mr S says they told him they'd be in contact with next steps. However, Mr S' claim was subsequently declined as his cooker wasn't in his kitchen at the time of the engineer attendance, and they'd reported that they'd been unable to test the appliance.

Mr S arranged a further appointment, but the engineer reported that the appliance was outside so they were unable to test it. D&G subsequently declined the claim on the basis the appliance had been exposed to the elements. D&G cancelled Mr S' policy and refunded £54.18 of the premiums. They also paid Mr S £72 for the time he was unable to use his cooker before the policy was cancelled.

As Mr S was unhappy with D&G's handling and decline of his claim, he approached the Financial Ombudsman Service.

One of our investigators looked into things but he didn't uphold the complaint. He said the engineer was unable to inspect the cooker as it had already been removed from Mr S' home. The investigator said he thought the £72 and refund of premiums already provided by D&G was fair, so he didn't recommend they do anything further.

Mr S didn't agree and the case was passed to me for a final decision.

I was minded to reach a different outcome to our investigator so I issued a provisional decision to give both parties an opportunity to respond before I reached my final decision.

What I provisionally decided – and why

In my provisional decision, I said:

> *"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*
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> *I'm minded to reach a different outcome to our investigator, so I'm issuing a provisional decision to give both parties an opportunity to comment on my initial findings before I reach my final decision.*
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> *I think there has been some confusion about what happened during this claim. And the reasons for D&G declining the claim, based on what I've seen, don't appear reasonable. I'll explain why.*
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> *Mr S' home is in an area which isn't connected to the mains gas supply. As a result, Mr S' cooker is attached to a gas bottle rather than a mains supply.*
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> *A fault developed with Mr S' cooker, which he says resulted in an uncontrolled gas leak from a hole in the burner area and consequently an uncontained fire from the top of the cooker. Mr S extinguished the fire, disconnected the gas bottle from the appliance and moved it into his back garden (on the path rather than the garden itself). Mr S says he took the appliance outside due to the danger to him and his family of having a faulty appliance remaining in the home.*
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> *Mr S then contacted D&G for assistance. An engineer attended and Mr S said he was told that the appliance couldn't be tested outside, and although Mr S offered to take the appliance inside and reattach the gas bottle, the engineer said the gas bottle couldn't be reconnected due to the danger this posed based on the fault. Mr S says he was told by the engineer that D&G would be in contact to discuss next steps for his claim. However, it appears that the engineer reported to D&G that the appliance needed to be reinstalled in the house before it could be repaired.*
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> *Mr S complained to D&G about this as the appliance was freestanding, and the extent of 'installation' would be moving it from outside to inside, and reattaching to the gas bottle - which he'd offered to do, but the engineer had refused this due to it being too dangerous.*
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> *D&G declined the claim and issued a final response to the complaint. They outlined that the appliance needed to be installed and maintained in line with the manufacturer instructions, and appliances which aren't installed aren't covered, so the claim was declined on this basis. However, there is nothing to indicate the appliance wasn't being used in line with the manufacturer instructions before it developed a fault, and the extent of 'installation' as a freestanding cooker was the attaching of a gas bottle which the engineer had said Mr S couldn't do.*
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> *Mr S subsequently booked a further engineer appointment. But the engineer noted that the appliance was still outside. The claim was then further declined on the basis that the appliance had been exposed to the elements, which Mr S' policy doesn't cover.*

When the case came to us, D&G said there had been a misunderstanding, although the decision to decline the claim, cancel and refund the policy was correct. D&G outlined:

> *"Originally when the engineer arrived and found the appliance in the garden, Mr S should not have been advised to get it reconnected for an inspection to take place. Firstly, it had been exposed to the outside elements and regardless of any inclement weather conditions this is not safe. Secondly, the appliance had caught fire prior to a fault being reported and damage caused by fire is not covered under the terms of the agreement."*

When the engineer first visited, the appliance was already disconnected and outside. The engineer wouldn't work on it due to it not being installed (it was freestanding anyway and didn't need 'installation' as such beyond reconnecting), but D&G says it was too dangerous to reconnect, so it's unclear what D&G was expecting Mr S to do here. Mr S says he offered to reconnect the gas bottle outside but didn't want the appliance to be tested inside due to the risk, and it seems that D&G agree with Mr S' concerns.

So, if the appliance couldn't be reconnected due to the danger, then D&G should have looked to then deal with the claim under the remaining policy terms at that stage. But instead, the claim was declined on the basis of not being installed, which D&G has later said was incorrect and unsafe to do so.

As a result, Mr S was left with a cooker he couldn't use. So, I can see why he didn't move it back into his home and didn't reconnect it. When the second engineer visited, they said it had been exposed to the elements, and this wasn't covered so the claim was declined again. But the cooker was only still outside because it wasn't working, and because the engineer had reported that it would need to be reinstalled which D&G recognise was incorrect and unsafe to do.

I also note that D&G has referred to the terms which say damage caused by fire is excluded. But, from my understanding, it's been reported by the engineer that there was damage to the 'wok thread', and Mr S made the claim after there was uncontrolled fire due to a leak of gas which was from the burner area. Therefore, the fault here doesn't appear to be caused by fire, and instead, a fire occurred due to the fault, so I don't think it would be fair or correct to apply that exclusion.

Mr S has raised concerns that the engineer(s) appointed weren't qualified for his type of appliance and were only qualified for mains connected appliances. When asked about this by our investigator, D&G said:

> *"It has been noted on the repair agents notes that an LPG engineer is required to attend. This would indicate to me that previously a non-LPG engineer has attended. However, the appliance is not connected so an engineer would not have been able to work on it anyway even if they were LPG accredited."*

But as outlined above, it was already unconnected and I think that was reasonable given the safety issues, and D&G also agree that was reasonable too and it would have been unsafe for it to be connected. So, I don't think D&G's position here is reasonable.

In any event, I telephoned the service company appointed by D&G myself and asked if they repaired cookers which are gas bottle, rather than mains, connected. However, the service company advised that they can only repair mains connected appliances, and gas bottle appliances aren't something they work on or repair. So, it does appear that what Mr S has said is correct, that the appointed company weren't suitable for his appliance. And it's unclear to me whether an alternative repair company, that do actually work on bottle connected appliances, would have been able to either further diagnose the issue, repair the appliance, or recommend D&G deal with the claim in line with the remaining terms (such as replacement).

Therefore, to summarise, I think there has been conflicting and incorrect reasons applied to declining this claim, this stems from the original engineer, who may not have been appropriately placed to inspect or repair this appliance in the first instance, then providing advice to reinstall which D&G later say was incorrect. Then D&G declined the claim on the basis the appliance was outside, which was a reasonable action for Mr S to take given the safety issues. So, I think this claim has been poorly handled, the reasons for declining the claim appear to be conflicting and unfair and I'm minded to conclude D&G needs to take action to put things right.

But we are now several months down the line (the claim was first made in July 2024). It is unclear if Mr S still has the faulty appliance, but if he has, it would have (reasonably) been outside for a considerable amount of time. This means it's unlikely a repair could now be carried out, or even a test to see if it was a fault that would have been covered and repairable. But I'm persuaded that is down to D&G's poor claim handling. So, as a result, I'm minded to conclude that D&G need to deal with the claim in line with the remaining policy terms where a repair isn't possible. And the terms outline D&G will either arrange a replacement or pay the cost of a replacement product in those circumstances.

However, given the time that has passed, Mr S may well have now replaced his cooker already. If so, D&G will need to settle the claim by reimbursing the cost of the replacement. This would be subject to Mr S providing receipts for the replacement, and the replacement appliance being reasonable. D&G would also need to add 8% simple interest from the date Mr S replaced the appliance to date of settlement.

However, if Mr S hasn't yet replaced the appliance, then D&G would need to settle the claim by either replacing the appliance or paying the cost of replacing the appliance as outlined in the policy terms.

D&G has already cancelled the policy and refunded the premiums. But the policy was in place when the claim was made, and it's unclear when the premiums were refunded to, whether that was from the date of claim or backdated before this. But in any event, I don't intend on directing Mr S to repay any refunded premiums to D&G.

D&G has also said Mr S has been given £72 for loss of use of the appliance which he shouldn't have been and that should be in lieu of compensation. However, I don't think that's sufficient in the circumstances. As outlined, I think the claim was poorly handled, the reasons for declining the claim were both unfair and incorrect, and the whole claim process and handling has resulted in both distress and inconvenience to Mr S. So, although I'll take into account that £72 has been paid already, unless anything changes as a result of the responses to my provisional decision, I'll be directing D&G to increase this to a total of £200 (including the £72 already paid).

There is one final point which needs to be considered here, but this is not quite so straightforward. Mr S says that because D&G failed to repair his cooker from the outset, he's needed to hire a cooker. Mr S has said this was at a cost of £15 per day. But he's also said this was from a friend. So, it is unclear to me whether the friend is actually a supplier of catering equipment, or someone that had a spare cooker that they could loan to Mr S.

If it is a friend who had a spare cooker, it's unclear to me how £15 per day is quantified or a reasonable cost to charge. And I also need to take into account that at that rate, this equates to around £450 per month. The original cooker was worth £700-£800, so at that daily rate this cost would be well in excess of what the cost of a replacement would be, so I don't think I could fairly conclude that it is a reasonable cost for D&G to reimburse Mr S. And if this is the case, I think instead it would be fair for D&G to pay a further £200 to go towards potential costs in Mr S using a borrowed cooker from his friend (subject to Mr S evidencing payments for this).

But, if Mr S' friend is actually a supplier of catering equipment, which may have a cost of around £15 per day given it would be on a commercial basis, then I'd expect D&G to reimburse the actual costs Mr S has incurred. But Mr S would need to provide D&G with a copy of the formal rental agreement in place, terms, and evidence of the actual amounts he's paid for renting an appliance. D&G would also need to add 8% simple interest from the date of payment to date of reimbursement to take into account Mr S being deprived of funds he otherwise should've had."

So I was minded to uphold the complaint and to direct D&G to:

- If Mr S has replaced the appliance already, reimburse the cost of the replacement appliance (subject to receipts being provided and it being a reasonable replacement). 8% simple interest would also need to be added from the date of payment to date of reimbursement.

Or:

- If Mr S hasn't yet replaced the appliance, settle the claim in line with remaining policy terms.

And:

- If Mr S has rented a temporary appliance from a friend, pay Mr S £200 towards this (subject to Mr S evidencing payments he's made for this).

Or:

- If Mr S has formally rented an appliance from a commercial supplier, reimburse the actual costs Mr S has incurred (subject to a copy of the rental agreement, terms and evidence of the actual payments made). 8% simple interest would also need to be added from date of payment to date of reimbursement.

And:

- Pay Mr S a further £200 compensation (in addition to the £72 already paid)

The responses to my provisional decision

D&G responded to my provisional decision. They said that when the engineer attended, the appliance was already disconnected and in the garden. They said regardless of it being disconnected, the key issue is that it was outside and therefore not being used in accordance with the manufacturer specifications which is specifically outlined in the policy terms as a requirement. D&G said that the fact the engineer was unable to reconnect it and test it was irrelevant as it had been left outside and there would have been no benefit in testing it, and Mr S had already breached the terms.

D&G also said the policy provides for a repair in the first instance and an appliance would only be replaced if parts were no longer available or it was uneconomical to repair, and they said Mr S' actions mean there is no scope for D&G to explore those options. D&G also said there was no need to move the appliance as by disconnecting the gas bottle, there was no longer a danger present.

Mr S responded and said he agreed with the provisional decision but wanted to add a few further points connected to the proposed redress.

Firstly, Mr S said he has rented a cooker from an online marketplace website, and they provide various home related appliances for rent. He said he can obtain a final invoice when he returns the appliance, and he wants the final decision to tell D&G to pay whatever the final invoice is when he gets it. He said he signed a simple agreement to rent it.

Mr S also said the faulty cooker is still in his garden and he hasn't replaced it as has rented one instead.

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.

And I've thought carefully about the provisional decision I reached and responses to it. Having done so, my overall view on the claim, and the reasoning, remains the same. But I've removed one part of the redress options on the basis Mr S has confirmed he hasn't replaced his cooker.

I note D&G's comments, but these have already been addressed in my provisional decision in detail as they are arguments D&G have presented before. D&G has said by the fact Mr S' cooker was outside, he hasn't complied with the terms which require him to use the appliance in line with the manufacturer requirements. However, as already addressed in my provisional decision, Mr S moved his cooker after it developed a fault. There is nothing to show he wasn't using it as intended or in line with the manufacturer instructions before the fault occurred, so I don't think relying on that to decline the claim is fair.

I note D&G says that when the gas bottle was disconnected there was no need to move the appliance as it was no longer a danger. However, whilst only disconnecting the bottle was an option, Mr S was concerned about his and the safety of his family, and I don't think he took an unreasonable action in moving the faulty appliance, rather than leaving both this and the gas bottle, albeit disconnected from each other, in his home. Mr S also covered the appliance whilst awaiting the engineer visit too, so it wasn't fully exposed, and offered to bring it back inside when the engineer visited but they didn't agree to this. And as outlined, the engineer who attended doesn't appear to have been suitable for that appliance in any event either.

There isn't anything else I can helpfully add here to D&G's additional comments, as I've addressed these already in the provisional decision in detail. This includes outlining why I think ultimately D&G has unreasonably declined the claim using the reasons it has, that the appointed engineer didn't appear suitable for the type of cooker, and things may have been different if they were. And, that it is due to D&G's poor claim handling that the cooker has been outside since the claim and for a considerable period, which means a repair wouldn't likely be possible now.

Having considered all the information provided, my view on the claim remains the same as in my provisional decision.

As Mr S has confirmed he's not replaced the cooker I've taken out the redress option of reimbursing the cost of the replacement. This leaves the following option from my provisional decision for the claim itself, which will remain:

> *"….if Mr S hasn't yet replaced the appliance, then D&G would need to settle the claim by either replacing the appliance or paying the cost of replacing the appliance as outlined in the policy terms."*

I also outlined in my provisional decision that Mr S said he rented a replacement appliance. He said this was at a cost of £15 per day, but he had also said this was from a friend. And I said it was unclear whether Mr S' friend was a commercial supplier of catering equipment or not. And whether they were, or weren't, may alter whether that was a reasonable, and justifiable, cost incurred or not.

Mr S has responded to the provisional decision, and said he rented the appliance from an online marketplace website, with a simple agreement. And he said he can obtain an invoice for the amount due when he returns the appliance, which he wants D&G to pay.

However, it is still unclear if this is a formal rental from a commercial supplier or that the costs incurred were £15 per day, or how these were quantified, calculated or agreed. And I can't reasonably say D&G should just pay these costs regardless, which are unknown at this stage, which haven't been demonstrated were justifiable if it was a commercial agreement and won't be quantified until Mr S returns the appliance.

So, I'm going to leave the two options of proposed redress within the final decision along the same lines.

If Mr S is able to evidence that he has formally rented the appliance from a commercial supplier, with documents to support this and the payments made or due, D&G will need to reimburse the actual costs Mr S has incurred, with 8% simple interest added from date of payment to date of reimbursement.

But if Mr S has rented the appliance from a friend, or not from a commercial supplier and without a formal rental arrangement and on an informal basis, then D&G would instead need to pay £200 towards the costs – subject to Mr S evidencing payments he made.

In my provisional decision, I also said that whilst I recognised D&G had already paid £72 which they said should be in lieu of compensation, I explained I didn't think that was sufficient in the circumstances. And my view on that remains the same, and for the same reasons as outlined in my provisional decision. So, I'll also be directing D&G to pay Mr S a further £200 compensation.

My final decision

It's my final decision that I uphold this complaint and direct Domestic & General Insurance Plc to:

- Settle Mr S' claim in line with remaining policy terms.

And:

- If Mr S has rented an appliance from a friend (or not from a commercial supplier) without a formal rental agreement and on an informal basis, pay Mr S £200 towards the costs (subject to Mr S evidencing payments he's made for this).

Or:

- If Mr S has formally rented an appliance from a commercial supplier, reimburse the actual costs Mr S has incurred, or is due to incur (subject to Mr S providing a copy of the agreement, documents, terms and evidence of the actual payments made or due). 8% simple interest* would also need to be added from date of payment to date of reimbursement.

And:

- Pay Mr S a further £200 compensation (in addition to the £72 already paid)

*If Domestic & General Insurance Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 April 2025.

Callum Milne
Ombudsman