

The complaint

Miss M complains about how Domestic & General Insurance Plc (DGI) handled and settled a claim she made under an appliance insurance policy following a fault with her heater.

What happened

Miss M held appliance insurance with DGI for an electric storage heater since April 2015. Her most recent plan for this appliance commenced in April 2015 and expired on 5 February 2025 when the policy was cancelled. Miss M's policy with DGI covers her heater for breakdown and accidental damage.

On 30 January 2025, Miss M contacted DGI by telephone to report a fault with her heater and to request a repair under the policy. DGI said it searched its database of engineers but was unable to provide a suitable contractor to attend Miss M's home to inspect and repair the heater. So, it asked Miss M to identify a suitable contractor and pay for them to repair the heater, which it would refund in line with the policy terms on presentation of an invoice.

Miss M arranged for an engineer to inspect her heater. Their assessment advised that the heater was irreparable, and they recommended replacement with a new heater. Miss M provided their report to DGI on 3 February 2025. But she didn't send an invoice with the report.

DGI considered the report Miss M had shared from her engineer and accepted their opinion. As the heater that had broken was obsolete, an identical replacement couldn't be provided. So, DGI said it researched alternative replacement heaters and identified a suitable like for like replacement. It paid Miss M £678.44 as a cash settlement directly into her bank account.

Miss M was unhappy with the settlement value paid by DGI. She said she'd been provided with two quotations for a similar heater the cost of which significantly exceeded the cash settlement paid. She was also unhappy that she'd had to instruct a contractor privately to inspect her heater and felt DGI hadn't fulfilled its obligations to offer help under the policy.

Miss M complained to DGI. To resolve her complaint, Miss M asked DGI to increase the cash settlement, reimburse the policy premiums she'd paid and pay compensation to recognise the trouble and upset she'd experienced.

DGI investigated Miss M's complaint and issued its final response in late February 2025. Within its final response DGI explained that it wasn't upholding the complaint because it had acted in line with the policy terms and conditions by asking Miss M to find a contractor as it hadn't been able to source one itself. It also asserted that the cash settlement reflected a like for like replacement of the heater, which was based on similar or identical technical specification as outlined in the policy terms. And it said it wasn't willing to refund the premiums paid.

Being dissatisfied with DGI's response to her complaint, Miss M referred it to our service. After we received Miss M's complaint, DGI offered to reimburse Miss M the cost she incurred in instructing a contractor to inspect her heater. But it said it would only do so if she provided

an invoice confirming the cost.

Our investigator looked into what had happened and empathised with Miss M. But they were persuaded that DGI had acted reasonably in asking Miss M to find a contractor, which was permitted under the policy. They also thought the settlement offer had fairly reflected a like for like replacement of the broken heater. And they didn't think refunding the premiums paid would result in a fair resolution to the complaint. Our investigator didn't recommend upholding these aspects of Miss M's complaint.

However, because DGI had offered to resolve Miss M's complaint by reimbursing her the cost of her contractor, which hadn't been offered previously, our investigatory partially upheld the complaint on this basis. They were satisfied this was in line with the policy terms and asked Miss M to provide an invoice to facilitate the refund process.

DGI agreed with our investigator's view of this complaint. But Miss M didn't and requested an ombudsman's review. I've therefore been asked to decide the fairest way of resolving this complaint.

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 sorry to hear about the difficulties Miss M experienced here. I know she feels very strongly about this matter and I appreciate the reasons she brought her complaint to our service. However, while I sympathise with Miss M, the issue that I must determine is whether DGI made a mistake, or treated her unfairly, such that it needs to now put things right.

This service is an informal dispute resolution service. When considering what's fair and reasonable, I'm required to take into account a number of matters, which include relevant law and regulations, regulators' rules, guidance and standards, codes of practice, the terms and conditions of any insurance policy and, where appropriate, what I consider to have been good industry practice at the relevant time. I'm not limited to the position a court might reach.

I've considered the duties and obligations of an insurer as set out in the Insurance Conduct of Business Sourcebook (ICOBS). ICOBS requires an insurer to provide customers with appropriate information about a policy in good time and in a clear, fair and not misleading way so they can make an informed decision about whether that policy meets their needs. I've also taken into account Consumer Duty together with other relevant rules and guidance when determining this complaint.

I've read and considered all the information provided by Miss M and DGI, but I'll concentrate my decision on what I think is relevant to decide the complaint. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is the right outcome.

I can see that our service has received correspondence and written submissions from an individual who I'll refer to as "Mrs M" who has asserted that she is the policyholder and complainant instead of Miss M. I'd therefore like to address the issue about whether Miss M is the correct policyholder and complainant here first.

I've carefully considered the policy documentation provided by DGI in relation to this complaint, which is all clearly addressed to Miss M. The documents refer to the insured appliance as being a wall heater, which is the appliance to which this complaint relates. DGI has confirmed that the policy is held in Miss M's name and no documentation has been

provided by either Miss M or Mrs M to indicate otherwise. Based on the available evidence I'm satisfied Miss M is the policyholder of appliance insurance for the heater. It follows that I'm persuaded she is the eligible complainant here.

The first part of Miss M's complaint relates to whether DGI acted unfairly in asking her to source and instruct a private contractor to inspect and repair her faulty heater. So, I'll address that issue first.

In considering whether an insurer has met its policy obligations, our service considers the policy documentation to ascertain the terms and conditions that apply and what they say about how reported faults are dealt with.

Here, DGI's policy sets out in clear unambiguous terms that in circumstances where a repair is authorised, but it can't find a repairer, it will permit a policyholder to use their chosen repairer. The policy states *"you will have to pay them and claim the cost back from us. Please keep a copy of your invoice to send to us"*.

DGI has shared business records with our service which demonstrate that it made reasonable efforts to try and locate a suitable contractor to undertake an inspection and/or repair of Miss M's broken heater. It was unable to source a suitable engineer within its pool of available contractors. And, in line with the policy terms, where DGI is unable to find a repairer, it's permitted to ask a policyholder to undertake that task. It follows that in asking Miss M to instruct a contractor DGI hasn't acted unfairly or unreasonably here.

DGI has offered to reimburse Miss M for the cost she incurred in instructing her contractor. However, I haven't seen any evidence to indicate that she's shared an invoice with DGI. As I set out in the background to this complaint, Miss M didn't provide this to DGI when she shared her contractor's report confirming that the heater was irreparable. When Miss M provides an invoice to DGI it's directed to meet that cost in line with the policy terms.

I'll turn now to the second part of Miss M's complaint about whether the cash settlement offer DGI paid is fair and reasonable.

The policy terms set out how appliance replacement claims will be settled, again, in clear and unambiguous language. They state:

"In some situations, we will arrange to replace your product instead of repairing it (for example where we cannot repair it or we decide that it is uneconomical for us to repair your product). In these circumstances, we will arrange to replace your product with one of a same or similar make and technical specification.

If we cannot reasonably arrange a replacement, we will give you vouchers instead. The vouchers will be for the full retail price (from a retailer chosen by us) of a replacement product of the same or similar make and technical specification. The vouchers will also pay for the delivery. All vouchers will be valid for 12 months from the date of issue. Voucher settlements will be sent to the last address you gave us. If vouchers are not available, we will provide a cash equivalent".

Here a cash settlement was paid directly to Miss M's bank account in the sum of £678.44, which the policy permits it to do where a replacement cannot be provided.

As Miss M disputes that this offer is fair, I've compared the specifications of the replacement heater that the settlement payment is based on to those of the heater it replaced. And, having done so, I'm satisfied that the replacement DGI based its cash settlement has like for like specifications to the heater it was intended to replace. It's from the same manufacturer

and appears to have similar technical features and specifications to the broken heater. So, choosing this appliance was fair and reasonable.

While I can appreciate that Miss M may wish to replace her heater with a more expensive model, I'm satisfied that DGI has demonstrated via cogent evidence that it would be able to source a like for like replacement heater for £678.44 inclusive of VAT. And, in paying that sum to Miss M directly, I'm persuaded DGI has met its obligations to cash settle the claim in accordance with the policy terms. It follows that it's acted fairly and reasonably here.

The final part of Miss M's complaint relates to her request that DGI reimburse her policy premiums. But, like our investigator, I'm not persuaded that directing that DGI reimburse the premiums paid would be a fair outcome to this complaint. I've not identified that DGI has made any errors in how it dealt with Miss M's claim. And under the policy, Miss M has been able to request call outs to inspect or repair her heater when needed. DGI has paid Miss M a cash settlement and offered to reimburse her the cost of an engineer attending her home on provision of an invoice, which is what the policy was intended to cover. So, I'm satisfied Miss M has had the benefit of the policy she purchased. This means I won't be directing DGI to refund the premiums paid by Miss M.

Putting things right

To resolve this complaint, DGI should reimburse Miss M the cost she incurred in instructing a contractor to inspect her heater on presentation of an invoice confirming the same. However, other than this it need take no further action.

My final decision

My final decision is that I uphold this complaint in part. To resolve this complaint Domestic & General Insurance Plc should reimburse Miss M the cost she incurred in instructing a contractor to inspect her heater on presentation of an invoice confirming the same.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 3 October 2025.

Julie Mitchell
Ombudsman