

The complaint

Mrs C complains that Domestic & General Insurance Plc ('D&G')'s settlement for a claim on a household appliance protection plan is unfair.

What happened

In June 2024, Mrs C took out a D&G household appliance protection plan for a vacuum cleaner when its five-year guarantee expired. This covered breakdown or accidental damage. She made a claim on the policy soon after when the vacuum broke down. D&G instructed its repairer (referred to in my decision as 'E') to fix it. E found the hose needed to be replaced but the replacement part was no longer available. It declared the vacuum a write-off.

D&G offered Mrs C a replacement, but she wasn't satisfied with the options offered. She explained that hers was a unique model with a range of uses. She'd also spent a lot of money on accessories that wouldn't be compatible with another brand. She asked D&G to return her vacuum so she could arrange a repair directly with the manufacturer. D&G at first refused, then agreed, then told her E had destroyed the appliance.

Mrs C continued to decline D&G's replacement options. D&G's final offer was an £800 cash settlement. This was the amount Mrs C told D&G she paid for the vacuum when she originally took out the policy. Mrs C wasn't prepared to accept this and complained to this service.

Our investigator recommended that the complaint should be upheld. He thought it was possible the manufacturer could have repaired the appliance, but D&G destroyed it before it the chance to do so. He also found that D&G had led Mrs C to believe it would give her the replacement she wanted. He thought D&G's cash settlement of £800 was fair but recommended it also pay Mrs C £150 to compensate her for the distress and inconvenience caused by its poor service.

D&G didn't accept this, so the complaint was passed to me.

My provisional decision

I issued a provisional decision on this complaint on 22 May 2025. I said:

"The policy says in the event of a breakdown, D&G will "repair, arrange a replacement or pay the cost of a replacement product." In this case, E couldn't repair the appliance, so D&G must offer either a replacement or the cost of a replacement. The policy explains that a replacement will be "one of a same or similar make and technical specification." D&G says the appliance it offered met this requirement, and that its later cash settlement offer was fair.

I think there were failings by D&G throughout this claim. I've set these out below.

Repair

Mrs C's own diagnosis when she reported the fault – that power was going into the vacuum

but not being transferred to the hose – is similar to E's findings. Its repair notes say: "hose damaged causing power issues, could not test floor heads due to not being able to power the vacuum. Part(s) required: hose."

D&G's notes show the vacuum was written off because the part wasn't available. It told us: "because this model vacuum is no longer manufactured in the UK, our repair agents weren't able to source a replacement hose." So it appears the vacuum wasn't beyond repair; it was simply that E couldn't get the replacement part. I note that the manufacturer isn't one of D&G's suppliers.

Mrs C had told D&G on 11 July – the day E collected the vacuum for repair – that the manufacturer insisted on carrying out repairs to its products itself. She'd assumed D&G were arranging for the manufacturer to repair her vacuum and was worried when she found out E had been appointed to fix it. By this time Mrs C had already spoken to the manufacturer who told her it could fix the vacuum for £159. So I think D&G should have told Mrs C that E couldn't get the part before taking any further action.

Also, I'm satisfied Mrs C asked D&G to arrange repairs through the manufacturer on 11 July. The policy terms allow for this: "If we authorise a repair but are unable to find a repairer, we'll permit you to use your chosen repairer. You will have to pay them and claim the cost back from us." The only condition is that D&G had to authorise any repairs over £150. I see no reason why it should have refused this once it became apparent E couldn't fix the vacuum. D&G finally agreed this on 18 July, however by then the appliance had been destroyed.

In the circumstances, I think D&G's response to Mrs C's request to arrange her own repairs was unreasonable.

Destruction of appliance

D&G told us "the plan terms clearly state that the original product will become our property if it is sent away for repair and written off." I disagree.

The relevant policy term is: "If the product is taken or sent away from your home for repair **but is then replaced**, the original product will become our property and we will dispose of it [emphasis added]." I think the term is clear that Mrs C's vacuum only becomes D&G's property once it is replaced, not when E decided to write it off. I don't agree with D&G's interpretation of the policy term.

So I think D&G acted unreasonably in destroying the appliance for two reasons: first, Mrs C had told D&G that the manufacturer could repair it; second, it wasn't D&G's property to destroy.

Mrs C included two accessories with the vacuum when it was taken for repair, one of which cost £400. She explained that she wanted E to be able to check these worked when it fixed the vacuum. E destroyed the accessories along with the main appliance.

The policy says D&G won't pay "the cost of replacing any accessories..." However, I'm not persuaded that it's fair for D&G to rely on this term in this case. The accessories weren't broken and, even if I accepted D&G's interpretation of the policy term above, they weren't written off so they weren't D&G's property.

I also note the policy exclusion for "damage to any other property or possession, **unless it is our fault** [emphasis added]." This implies that D&G is liable for damage to property that is its fault. As I've said above, I'm satisfied that D&G was responsible for destroying Mrs C's property so I think it should pay for this.

Replacement

I've reviewed the technical specifications of both Mrs C's vacuum and D&G's proposed replacement. Having done so, I don't think D&G's offer – a different brand costing £319 – was similar enough to Mrs C's appliance to meet the policy requirements. Mrs C's vacuum was a multi-functional product, with combined wet and dry cleaning capability. D&G's proposed replacement is comparatively basic. While the specifications for its sole function are similar to the equivalent function in Mrs C's vacuum, it doesn't have the same range of use. I understand why Mrs C didn't accept it.

More importantly, Mrs C says that in her 27 September call, D&G's agent agreed to her desired replacement. The model wasn't in stock and she was told to call back when it was. She found it in stock on 8 October and called D&G.

I've listened to all of Mrs C's calls with D&G. The relevant exchange during the 27 September call is:

- D&G: "If you still want to talk about more options, if they can add the brand of your original vacuum cleaner on the link, we can do that. Or if you can get model numbers of an appliance that you want, come back to us and go to the Product Replacement [Team] and tell them 'Hey, I saw this vacuum cleaner [unclear]' and give them that model number and they can try and see if they can get it for you. That's another option."*
- Mrs C: "It's called the [brand name and model]. That's what it's on the website as. The [repeats brand name and model]."*
- D&G: "I can put you through to Product Replacement to have a discussion and see..."*
- Mrs C: "Yes..."*

Mrs C told the agent her preferred replacement "will be more than what they've offered me". The agent acknowledged this and said: "Yes, so if you have vacuum cleaners in mind that you want them to check on their website, have model numbers, go through them and see if it can be added to reach an agreement of some sort." The agent then transferred Mrs C to the Product Replacement team.

Mrs C explained that she'd been transferred from the Complaints team, that the replacement appliances D&G had offered her weren't equivalent to her old one, and she'd been told to quote the model number she wanted. Mrs C did this and the agent looked up the model on the manufacturer website. The agent told Mrs C that the model wasn't in stock and asked her to call back as soon as it was back in stock.

Given D&G's position to that point, I think it's likely there was a series of misunderstandings here. I think the first agent meant that her colleagues would review and consider the model Mrs C suggested, not guarantee it would be approved. But I don't think the agent was clear enough on this point. I think this was compounded by the second D&G agent checking the availability of Mrs C's preferred model and telling her to call back when it was back in stock.

Given those two consecutive conversations, I understand why Mrs C was left with the impression that D&G had finally agreed to her choice of replacement. I think any reasonable person coming out of that call would have thought the same. I also understand why Mrs C later thought D&G had backtracked on its agreement to provide her preferred appliance.

Claim handling

I think D&G's handling of this claim was very poor. I've highlighted the key settlement issues above, but there were other service failures. For example:

- It initially told Mrs C a cash settlement wasn't available to her despite this being an option under the policy terms.*
- On 18 July, Mrs C was transferred between five different agents and had to repeat her personal and claim details each time. A manager eventually agreed that Mrs C could arrange repairs directly with the manufacturer. When Mrs C was transferred to another agent to arrange the return of her appliance, she was told she wasn't speaking to the right team and was transferred back to the team she'd just spoken to. I think Mrs C showed remarkable patience during this 50 minute call.*
- E told D&G it had destroyed the vacuum on 19 July. D&G didn't tell Mrs C until a month later.*
- It wrote to Mrs C on 23 August saying her complaint had been resolved: "We're pleased we could find a solution and hope you're happy with the agreed outcome." That wasn't right. Mrs C hadn't agreed an outcome and remained unhappy. Attempts to resolve the claim continued until October.*
- On 15 October, Mrs C tried to speak to the same agent who'd agreed to her replacement model in the 27 September call. She was promised a call back, but this wasn't done. When she called again two days later, the agent wouldn't speak to her.*

I'm also incredibly concerned by D&G's representations to this service. For example, it told us: "We can confirm that the customer was not offered a cash settlement of £1,305 as she has claimed, and in fact, the only mention of a settlement for this amount was when she demanded it during a conversation on 27 September 2024..."

Mrs C didn't make any demands during what was clearly an extremely frustrating claims process, and she never mentioned £1,305. As I said above, D&G led Mrs C to believe it would replace her vacuum with her suggested model during the 27 September call. Its agent searched for it on the manufacturer's website, found it wasn't in stock, and asked Mrs C to call back as soon as she saw it back in stock.

D&G also told us: "The only other mention of the cash settlement was when [Mrs C] contacted us again on 8 October 2024, claiming that the increased cash settlement had been agreed – this was a lie."

This was the call Mrs C was directed to make on 27 September. Mrs C didn't mention £1,305 in this call either. She saw the model in stock and called to tell B it was available. In fact, she explicitly told the agent there'd been no discussion about increasing a cash settlement, but that D&G had agreed to her preferred replacement and told her to call when it was in stock. I think D&G's allegation that Mrs C lied is unfair. On the contrary, I think her account of her discussions with D&G has been consistently truthful.

For the reasons I've set out above, I think D&G should replace Mrs C's vacuum with the current equivalent product. This is currently available from the manufacturer's website for £1,264. I think this is fair for the following reasons:

- D&G acted unreasonably when it's repairer destroyed the original vacuum and accessories.*
- The replacements offered don't provide the same functionality as Mrs C's old appliance.*
- D&G led Mrs C to believe it had agreed to this during the 27 September call.*
- Mrs C said she bought her vacuum for around £800 and the accessories for around*

£400. So the value of the replacement is roughly the same value as the destroyed items.

I propose that Mrs C buy the new model and D&G refund her as soon as Mrs C provides proof of purchase. I'm conscious that this is a very expensive item, so I'd like Mrs C to confirm that she's able to do this when she replies to this provisional decision.

Finally, I think D&G should also compensate Mrs C for the distress and inconvenience its handling of the claim caused her. Having considered the level of awards made by this service, I think our investigator's recommendation of £150 is a little low. I think it should pay her £250."

Responses to my provisional decision

D&G didn't accept my provisional decision. It said:

- It wasn't unreasonable for D&G to send the vacuum for disposal at the next available pick-up. Disposals don't happen every day and its *"repair agents cannot be expected to keep hold of broken appliances indefinitely as they take up a lot of room."*
- The policy requirement is to offer a replacement with *"same or similar make or specifications, not functionality."* It offered Mrs C a replacement which had similar specifications to her old appliance.
- It never promised Mrs C a cash settlement of £1,300. It didn't agree with me that it led Mrs C to believe it agreed to this in the 27 September call, and *"it's not our responsibility that [Mrs C] incorrectly interpreted the conversation."*
- It doesn't understand why I'd ask it to pay £1,300 for a replacement set that includes accessories, for several reasons:
 - Mrs C knew her policy covered only the vacuum, not the accessories.
 - There's no record of Mrs C sending the accessories and there was no reason for her to do so.
 - The most it should be liable for is the cost of replacing the vacuum.
 - Mrs C bought her old vacuum for £800. An equivalent vacuum on the manufacturer website is available for £859.

Mrs C didn't tell us if she accepted my findings. However, she provided further comments:

- At least ten of her attachments for her old vacuum won't fit the new model.
- She spent a lot of money renewing brushes, mop heads, dust bags, and solutions which won't fit the new model. One of these brushes retails at £260.
- She asked me to if I would ask D&G to provide a slightly different replacement set. This retails at £1,305.

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'll take D&G's points first.

I agree that E can't be expected to store broken appliances indefinitely. However, D&G has ignored my finding that, under the policy terms, the vacuum wasn't D&G's or E's property to dispose of. It also ignores the fact that Mrs C told D&G that the manufacturer could repair it. So I don't see any reason to change my finding on this point. I think D&G acted

unreasonably by disposing of the appliance.

Next, D&G is effectively running two arguments about the accessories:

1. Mrs C didn't send the accessories to E.
2. Even if she did, they're not covered by the policy.

On the first point, E's repair notes show it received the accessories. Its 11 July note confirms the vacuum was collected in its box, and other "*bits*" in a bag. (The same note also says E took photos of what it collected. D&G hasn't supplied these photos to support its argument.) E's 15 July note says: "*could not test floor heads due to not being able to power the vacuum.*" The floor heads are the accessories. So I'm satisfied Mrs C gave E the accessories when it collected the vacuum.

On the second point, I can't explain this any more clearly than I did in my provisional decision. Mrs C provided the accessories so E could check its repairs were successful. E disposed of them. They weren't D&G's property and they weren't broken so there was no reason to destroy them. I think E should have returned them. I don't think it's reasonable for D&G to rely on the policy exclusion in this case and I think it should replace them.

D&G says the policy requirement is to offer a replacement with "*same or similar make or specifications, not functionality.*" I've thought carefully about that. The policy doesn't define 'technical specifications' so I think this can be interpreted quite widely. In this case, the functionality of Mrs C's vacuum is a key point. I think it's reasonable for me to consider its practical use and the range of operations it can undertake. On balance, I'm not persuaded that D&G's proposed replacement met the policy requirement.

I explained in my provisional decision that a cash settlement wasn't discussed in the 27 September call, so I don't understand why D&G insists on this point. And D&G has a responsibility to communicate clearly and fairly and not mislead its customers, as set out by FCA Principle 7 and the Consumer Duty.

I summarised the 27 September conversation between Mrs C and D&G in my provisional decision. The first agent (Complaints team) acknowledged Mrs C's comment that her preferred replacement would be "*more than what they've offered me*" and transferred her to the Product Replacement team. The second agent (Product Replacement team) searched online for Mrs C's preferred appliance and found it wasn't in stock. Neither agent told her she couldn't have this model. On the contrary, the second agent told Mrs C to call back when it was back in stock. I see no reason for D&G to ask Mrs C to do this if D&G wasn't going to order it for her. Mrs C asked the agent to record this on her claim notes and the agent agreed to do so.

I'm satisfied that D&G led Mrs C to believe that it would provide her preferred replacement appliance. It should have been clear to its agent that Mrs C left the call believing she was going to get this. And – as I said in my provisional decision – I think a reasonable person leaving that conversation would think the same. I'm surprised D&G can't see this.

In any case, I think this is the fair outcome for Mrs C's claim. As D&G acknowledged, the equivalent vacuum from the same manufacturer costs £859. That's in line with Mrs C's estimate of how much her old vacuum cost when she took out the policy (£800). Mrs C estimated the value of the two destroyed accessories at £400. I've reviewed the manufacturer website and I think her estimate looks reasonable. The vacuum and accessories D&G destroyed cost Mrs C around £1,200. The replacement set Mrs C asked for in the 27 September call costs £1,264.

Mrs C sent us photos of her accessories she says aren't compatible with the manufacturer's current equivalent model. She says this means she's left with several hundred pounds worth of accessories that she won't be able to use.

I sympathise with her, however I think that's an issue she should take up with the manufacturer. As D&G pointed out, the policy doesn't cover accessories. The attachments aren't covered by her policy. As I've explained above, the reason I'm asking D&G to pay for the two attachments she gave E is because I see no reason for E to have destroyed them instead of returning them, and I don't think it's reasonable for D&G to rely on the policy exclusion to avoid liability for this.

The replacement set Mrs C has asked for is slightly more expensive than the one she asked D&G for on 27 September. While I understand why she'd prefer this set, it wouldn't be fair for me to ask D&G to replace more than it destroyed.

Putting things right

I asked Mrs C to comment on my proposal that she buy the new appliance and be refunded by D&G. She explained that this would be difficult given other household expenses and would cause her financial difficulties if D&G didn't refund her "*for a week or more*".

I'm conscious that this is a very expensive purchase. I'm also conscious that D&G might not be able to guarantee that it can review proof of purchase, authorise payment, and transfer the money to Mrs C's bank account within seven days. In the circumstances, I think D&G should pay Mrs C the value of the new appliance set, plus compensation for distress and inconvenience. This also allows Mrs C to purchase the more expensive set if she wishes.

My final decision

My final decision is that I uphold the complaint and order Domestic & General Insurance Plc to:

- Pay Mrs C £1,264 to replace the destroyed vacuum and accessories.
- Pay Mrs C £250 to compensate her for the distress and inconvenience it caused by its handling of her claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 18 July 2025.

Simon Begley

Ombudsman