

The complaint

Mrs H has complained about the settlement offered by Domestic & General Insurance Plc ('D&G') in relation to her audio system under the relevant equipment insurance policy.

What happened

Mrs H had insurance in place with D&G since 2021 to cover an audio system. Unfortunately, it broke down and Mrs H therefore made a claim under her policy on 4 June 2024. D&G wrote off the system because the parts required for repair were no longer available. It was unable to find a suitable replacement system and offered a cash settlement of just over £1,000. Mrs H was unhappy with this offer and wanted D&G to either provide a like for like replacement or to provide a cash settlement of £2,800 which was what she originally paid for the system. Mrs H was also unhappy that there was an error with how the policy was set up.

Mrs H complained to D&G however it maintained its stance in its final response letter of 2 July 2024 as it considered that the sum offered would have allowed Mrs H to purchase a model of the same or similar make and technical specification as her old system. On 12 March 2025, Mrs H raised a second complaint with D&G as she felt that the system which D&G had used as a comparator wasn't like for like. The insurer issued a final response letter to this complaint on 9 April 2025, in which it stated that it believed that the settlement offer was fair and reasonable.

Mrs H was unhappy with the outcome of her complaint and referred her complaint to this service. The service's investigator didn't uphold Mrs H's complaint. He'd visited the website for the manufacturer of the original system and noted that the model hadn't been available since 2006. He considered it fair to say that it wasn't possible to repair it or to supply a like for like system. It was his view that D&G had acted in a fair and reasonable manner.

As Mrs H remained unhappy about the outcome of her complaint, the matter has been referred to me to make a final decision in my role as Ombudsman.

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.

The key issue for me to determine is whether D&G applied the terms and conditions of the relevant policy in a fair and reasonable manner in terms of the settlement it offered to Mrs H. I'm satisfied that D&G did act in a fair and reasonable manner here, and I don't uphold Mrs H's complaint. I'll explain the reasons for my decision below. In reaching this decision, I've also carefully considered the submissions of the parties as summarised below.

Turning firstly to Mrs H's submissions, she was unhappy about the cash settlement offer made by D&G when it was unable to repair her original audio system. She felt that the comparator used by D&G as the basis for calculating its offer didn't match the original specifications. She was looking for a settlement of £2,800 as this is what she originally paid for the audio system. She accordingly declined cash settlement of just over £1,000.

As to the features which weren't available on the comparator system, she said that these included radio, DVD player, CD player, storage of up to 200 CDs with versatile playing options as well as the ability to set an alarm. Mrs H was looking for a similar model from the manufacturer of her original system and said that she couldn't find a model which was less than £1,600. Mrs H was also unhappy that there was an error in relation to how the policy was set up and said that some messages on her account contained inaccuracies.

I now turn to the submissions made by D&G in response to Mrs H's complaint. It explained that the policy was set up for continuous protection, and offered cover for mechanical and electrical breakdown, accidental damage, as well as labour charges. It provided a chronology of events and stated that following Mrs H's claim, it processed the cash settlement payment of just over £1,000 on 10 June 2025 to enable Mrs H to purchase a model of the same or similar make and technical specification as her system, however this was rejected by Mrs H. On 27 June 2025, D&G confirmed to Mrs H that it had been unable to provide anything from the manufacturer's website that now matched the specification.

In Mrs H's second complaint dated 12 March 2025, Mrs H was seeking settlement to reflect the sum for which the audio system was insured and was seeking a settlement of £2,800. D&G replied that the relevant policy outlined that D&G aimed to replace insured items with a new product of the same or similar make and technical specifications. It said that its cash settlement was based on the market value of a comparable model, and not the original purchase price. It said that it had made no promise to pay the cost of an insured product when it had been new and explained that the settlement was based on the market value of a comparable model.

D&G said that Mrs H's model had been manufactured between 2004 and 2006 and would therefore be around 10 years old. It said that *'technology has moved on a long way since this time, and the quality of audio system available will be vastly improved'*. It provided details of a comparator system which it considered met the necessary specifications. D&G made it clear that there was no obligation upon Mrs H to purchase the comparator and this was *'simply used to calculate a fair settlement amount'*. It said that there were many systems available with varying features and specifications which allowed Mrs K to purchase one that suited her needs.

As to the error about which Mrs H complained, D&G apologised that one of its advisors had provided incorrect information to the effect that the system's value was £1,000. It also acknowledged that the insurance plan was set up incorrectly despite the system value at the time being for over £2,000 (it had informed Mrs H that it didn't cover appliances over £2,000 in value). In conclusion however, D&G stated that the terms of the plan and replacement policies had been correctly followed.

I now turn to my reasons for not upholding this complaint. The starting point for complaints of this nature will invariably be the terms and conditions of the policy as these form the basis of the insurance contract between the customer and the insurer. In this case the relevant terms state as follows; *'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'*. It goes on to say that; *'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'*.

Having considered these terms and conditions carefully. I'm satisfied that D&G acted in accordance with the policy and acted in a fair and reasonable manner in offering the full retail price of a replacement product of similar make and technical specification but bearing in mind that there will no longer be an exact comparator. I agree with D&G that technology has moved on considerably in the last 20 years and that additional functionality can now be purchased at a lower cost than in 2006 or earlier. I also note that the policy didn't promise to pay out the full retail price paid for by the customer.

In addition, having considered the comparator to which D&G has referred, I can't say that it acted in an unfair or unreasonable manner, as it appears to have additional functionality where possible. There is of course no obligation upon Mrs H to purchase the comparator referenced by D&G. I note that in a side-by-side comparison of the two systems, the insurer stated that the original was a *'premium system for its time, focused on DVD playback and proprietary speaker design'* and in relation to the comparator it stated that it was a *'modern powerhouse with Dolby Atmos, wireless components, smart features, and immersive audio...for streaming and cinematic experiences'*.

Finally, regarding the error in certain correspondence and with how the policy was set up by D&G, I note that it acknowledged certain inaccuracies. On balance however, I consider that D&G's apology for this was an adequate response to these administrative issues. I don't consider that any compensation payment would be proportionate however, in terms of any impact that this would have had upon the customer.

In conclusion, I can't say that D&G has acted in an unfair or unreasonable manner in attempting to resolve Mrs H's claim in accordance with the terms and conditions of her policy. As long as D&G re-issues the cash settlement it originally paid in 2024, I don't require it to do anything else.

My final decision

For the reasons given above, I don't uphold Mr S's complaint, and I don't require Domestic & General Insurance Plc to do any more in response to her complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 6 December 2025.

Claire Jones
Ombudsman