

The complaint

Mrs R complains about Domestic and General Insurance Limited (D&G) who declined her claim under her gadget insurance policy.

What happened

Mrs R purchased a freezer and later a policy that provided cover for any faulty material or manufacturing defects, as well as accidental damage. Mrs R made a claim as she said that the lining in the freezer became dented. She believed this to be a manufacturing fault.

D&G were provided with photos from Mrs R of the damage. After reviewing those photos, it declined the claim, as it said that the damage was cosmetic, and this wasn't covered under the policy. Mrs R raised a complaint, however, in its final response it maintained its position.

As Mrs R was given her referral rights, she referred a complaint to our service. One of our investigators considered the complaint and thought it shouldn't be upheld. She agreed with D&G that the damage was cosmetic. She said that under the policy cosmetic damage wasn't covered, so D&G was fair to decline the claim. She accepted that there was accidental damage cover on the policy, but there were policy exclusions, one of which was cosmetic damage, so there was no cover for the damage caused to the appliance.

She also highlighted that the damage was pre-existing as it had been caused before the policy inception and on this basis, D&G could've declined the claim.

D&G accepted the view. Mrs R did not. She said that the damage was accidental and accidental damage was under the policy. D&G's website was misleading for consumers as it indicated that accidental damage was covered. And the damage was accidental, before it became cosmetic. She questioned where in the policy it said that pre-existing damage wasn't covered. She said that there was something fundamentally wrong with the appliance. And she felt our investigator wasn't impartial and had pre-determined her decision, irrespective of the evidence that Mrs R submitted. So, she asked for a decision from an 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.

Having done so, I won't uphold this complaint, for much the same reasons as our investigator. I understand that this might be a disappointment to Mrs R, but I hope my findings go some way in explaining why I've reached this decision.

I've considered both parties comments, and the evidence they've provided. I think the main issue of this complaint, is whether D&G was fair to have declined her claim, under the policy exclusion of cosmetic damage.

Mrs R said that she felt that there was an underlying issue with the appliance, '*which is going to adversely affect its use and shorten its lifespan*'. She felt that this was a manufacturing fault or accidental damage.

I've had a thought about this, and I'm not persuaded by Mrs R's comments. So, I'll explain why.

Mrs R hasn't provided me with any expert or independent evidence that supports that the damage to her appliance was due to a manufacturing fault. So, the evidence is merely her opinion.

Further, Mrs R states that the underlying issue with the appliance could adversely affect the use and shorten its lifespan. But our service can only deal with incidents that have happened, not ones that haven't. So, I don't think Mrs R has provided enough evidence to support that the damage affected the working of the appliance.

I've next reviewed the policy terms and conditions to see what the policy covers. I note that Mrs R questioned whether pre-existing damage was covered under the policy. Having read the terms and conditions, I'm satisfied that it wasn't covered. The policy states:

'Your product must be in good working order when you take out the policy.'

Mrs R was aware that when she took out the policy, her appliance was damaged. Consequently, D&G could've declined the claim on this basis as well.

The policy provides covers for electrical, mechanical failure, as well as accidental damage. But there are exclusions on the policy and one of those exclusions is cosmetic damage. The policy states: '*cosmetic damage such as damage to paintwork, dents or scratches; any loss, damage*' (*is not covered*). So, I'm satisfied it gives a definition of what amounts to cosmetic damage, namely scratches, damage to paintwork and dents, which wasn't covered.

D&G said that the damage was cosmetic. Mrs R when she reported the matter to D&G said that the damage amounted to dents. She also provided photos and I can see dents on the appliance. I'm persuaded that this amounts to cosmetic damage. And as Mrs R hasn't provided enough evidence to show that the working of the appliance was affected by the damage, I think D&G were fair to have applied the policy exclusion and decline the claim.

In addition, although I understand Mrs R said that accidental damage ought to apply, the policy is clear in that accidental damage can only apply, on the basis that the damage is such that the appliance is no longer in good working order: '*accidental damage (so that the appliance is no longer in good working order)*'.

Taking all the evidence into consideration, I think the policy terms clearly describes cosmetic damage to include scratches and dents. The dents didn't impact the working of the appliance, so I'm satisfied that D&G fairly declined Mrs R's claim.

I acknowledge Mrs R's strength of feeling about this complaint and the reason why she referred it to our service. I understand that my findings are likely to be a disappointment to Mrs R. But, in the overall circumstances of this complaint, I haven't seen enough evidence to show that D&G acted unfairly. I'm therefore not going to tell it to do anything further here.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 11 December 2023.

Ayisha Savage
Ombudsman