

The complaint

Ms J complains that Domestic & General Insurance Plc (D&G) declined her claim for a defective vacuum cleaner, under her appliance insurance policy.

What happened

Ms J called D&G in October 2022 when her vacuum cleaner stopped working. She was told someone would come and collect it. Ms J then explained to D&G that she has an inbuilt vacuum system, so it couldn't be picked up. D&G agreed to pay for an engineer to attend that Ms J had used before. The engineer determined the vacuum wasn't repairable due to the cost of the spare parts, and because the manufacturer was no longer trading in the UK.

Ms J says D&G then told her it was writing off her appliance. It said a policy shouldn't have been provided as this type of vacuum cleaner isn't something that it covers.

In its final complaint response D&G says the policy should never have been set up as it doesn't cover this type of appliance. It says it has refunded the premiums Ms J paid plus 8% interest.

Ms J didn't think she'd been treated fairly by D&G and referred the matter to our service. Our investigator didn't uphold her complaint. He agreed with D&G that the policy was set up in error. He says Ms J had benefitted from an engineer call-out that she would otherwise be liable for had the policy not been incorrectly set up.

Ms J disagreed with this outcome and asked for an ombudsman to consider her complaint. It has been passed to me to decide.

I issued a provisional decision in November 2023 explaining that I was intending to uphold Ms J's complaint. Here's what I said:

provisional findings

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 my intention is to uphold Ms J's complaint. Let me explain.

I've been able to listen to the first two minutes of the call D&G made to Ms J, in which its agent offered cover for her vacuum cleaner. During the call Ms J says, "you don't cover inbuilt smart hoovers". She also explains, "the pipe goes around the whole house" and says, "a tank collects all the rubbish". The agent asks Ms J for the brand name for the appliance, at which point the call recording ends.

I can see from Ms J's policy documents that it confirms her vacuum cleaner is now covered. It includes the brand name she confirmed to D&G's agent over the phone. From what D&G says its agent made a mistake and cover shouldn't have been offered. Although I acknowledge what D&G says, cover was provided and was in place at the time Ms J made

her claim.

In its final complaint response D&G says it doesn't cover the type of appliance Ms J is claiming for. In its later submission to our service, it comments further on this point. It says the appliance Ms J intended to insure isn't a vacuum cleaner but an integrated centralised vacuum system. It says these are for industry use and are not classed as a domestic appliance. D&G has provided photos of the type of system in use.

I've thought about D&G's view that Ms J's vacuum system isn't a domestic appliance. But the photos it sent shows this type of appliance being used in a domestic setting. I've looked at the website of the company where the engineer who inspected the vacuum cleaner works. It advertises this type of vacuum cleaner as a domestic appliance. And clearly Ms J uses her vacuum cleaner in this way. Based on this evidence I don't agree with D&G that this isn't a domestic appliance or that this means cover couldn't be provided for this reason. This means that for D&G to decline the claim it must show that there is a policy exclusion that applies.

In its submissions to our service D&G says it doesn't have a repair network to cover this type of appliance. It says this is why it can't repair it and it can't replace Ms J's vacuum cleaner. It says it rejected the claim on the basis that it would be impossible to replace something that was built into the house.

I've thought carefully about D&G's arguments why Ms J's appliance isn't covered by its policy. But I can't see that there is a policy exclusion that applies here.

D&G agreed to cover Ms J's vacuum cleaner and issued her with a policy. Its terms and conditions don't say that an inbuilt centralised vacuum system is excluded. The definitions section of the policy says, "appliance(s): the appliance(s) protected by the policy, as shown on your certificate". There is no further explanation of what an appliance is. Ms J's insurance certificate says her vacuum cleaner is covered, which includes confirmation of the brand name.

As the policy doesn't define what an appliance is, I've thought about what the ordinary everyday meaning of the word is. A dictionary definition of the word is, "A device or piece of equipment designed to perform a specific task". The definition of domestic appliance is, "machine used for household tasks". I think these definitions reasonably describe what the average person would understand an appliance to be. I also think Ms J's vacuum cleaner falls within these definitions.

I understand that D&G didn't intend covering Ms J's inbuilt centralised vacuum system. But it did provide a policy and I can't see that its terms and conditions allow for it to exclude her claim.

In the event that a repair cannot be completed or the cost of doing so is uneconomical, the policy terms say:

"Replacements

...we will arrange to replace your appliance 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 appliance 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."

In these circumstances, as D&G can't repair or provide a replacement, its policy requires that it provides vouchers, or if that's not possible a cash equivalent. The engineer that inspected Ms J's vacuum cleaner confirmed there is a replacement machine that was the correct specification. This would allow the vacuum system to be reinstated to working order. The total cost for the machine, its delivery and installation came to just over £1,200 excluding VAT. Although this price was quoted over a year ago and may have since changed.

Having considered all of this, I don't think D&G treated Ms J fairly when declining her claim for the reasons it gave. As its repair network can't arrange for a repair of the vacuum it should now settle her claim by providing either vouchers or a cash payment in line with its policy terms. D&G should also pay Ms J £100 compensation to acknowledge the distress and inconvenience it caused by unfairly declining her claim. I note Ms J has been able to use a different vacuum cleaner whilst awaiting the repairs, so I think this amount is fair.

I said I was intending to uphold this complaint and D&G should:

- settle Ms J's claim by providing vouchers or a cash equivalent in line with its policy terms.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Ms J responded to say the company that provided the quotation for the vacuum cleaner is no longer in business. She says it's necessary that the pricing for the vacuum cleaner is re-evaluated from a different source.

Ms J says she has waited significantly longer than expected for an outcome to her complaint. She doesn't think £100 compensation adequately addresses the inconvenience and delay she has experienced. Ms J asks that a more realistic and fair compensation amount is considered because of the impact this has had on her.

D&G responded to say it disagreed with my provisional decision, but as it has no further information it believes it has no other choice but to accept.

D&G says that in order to follow through with my decision it will need additional information from Ms J. This is to confirm that it is the vacuum unit that needs replacing as opposed to pipework or sockets throughout the house. It says it reluctantly agrees that this unit can be considered an appliance, but the pipework and outlets cannot. D&G says that assuming only the vacuum unit requires replacing it needs Ms J to confirm the full make and model along with its technical specifications.

D&G says Ms J will need to confirm what vacuum unit she believes is suitable, as it doesn't have any suppliers or partners that offer this product. It says the brand of vacuum cleaner Ms J has is not available in the UK, and it was unable to locate a suitable model from a UK supplier.

D&G says that assuming Ms J can locate a suitable model from a UK supplier it will provide a cash settlement for the full retail price minus the refund it's already issued. It says this will include the vacuum unit and delivery charge but not the installation, as this isn't covered by its policy. D&G also says it won't cover the cost of replacing any internal pipework or fixed wall sockets. It says these are part of the centralised system but separate to the vacuum unit.

I issued a second provisional decision in December 2023. Here's what I said:

second provisional decision

Ms J provided an email with her original submissions that she received from the engineer who attempted a repair of her vacuum cleaner. She forwarded this to D&G in October 2022. This explains a replacement vacuum machine is available that's the correct specification for Ms J's property. The email says there is an additional cost for delivery and installation, but it says it will complete some remedial work to the pipework and wall sockets without charge.

In my first provisional decision I said D&G should settle Ms J's claim by providing vouchers or a cash equivalent in line with its policy terms. The policy terms provide for the full retail price of the machine and any delivery charge. This includes where vouchers or a cash equivalent is provided for the policy holder to purchase the replacement. The policy terms make clear that the cost of installation is Ms J's responsibility. So, I agree with D&G that this isn't something it's expected to pay for.

I've checked online for the company the engineer who tried to fix Ms J's vacuum cleaner was associated with. The website indicates the business is still trading. But I note Ms J's comments that it isn't. However, I was able to find other companies available that supply components for centralised vacuum systems. If necessary Ms J can approach these companies in order to demonstrate to D&G, the cost of the replacement vacuum machine she requires.

I've thought about D&G's comments that its policy doesn't provide for the replacement or installation of internal pipework or wall sockets.

From D&G's terms and conditions, the following exclusions apply to Ms J's policy:

"costs or loss arising from not being able to use your appliance (e.g. hiring a replacement), or incidental costs caused by breakdown or repair (e.g. costs to remove or reinstate built-in or fitted equipment)"

I think this reasonably supports D&G's comments that its policy doesn't cover the cost of any work required to the pipework or wall sockets.

My decision hasn't fundamentally changed as I said D&G should settle the claim in line with its policy terms. But I want to be clear what this means for Ms J. She will need to provide D&G with details of the replacement vacuum machine required to replace her current non-functioning machine. If she can't do this due to a lack of UK suppliers, I think it's reasonable for D&G to base its cash settlement on the quote Ms J obtained in October 2022. This confirmed a vacuum machine could be supplied for £895 plus VAT, which was to the required specification for Ms J's home. D&G already has a copy of this information. I note there was also a £39.75 delivery charge. This should be included in the settlement less the premium refund and interest D&G provided.

I've thought about Ms J's view that £100 is inadequate compensation for the delay and overall impact this has had on her. However, she had a replacement vacuum cleaner available, whilst her vacuum cleaner was inoperative. So, although I accept this matter has caused some distress and inconvenience, I'm not persuaded to increase the compensation award.

I said I was intending to uphold this complaint and D&G should:

- settle Ms J's claim by providing vouchers or a cash equivalent in line with its policy

terms. Ms J can provide D&G with evidence to show the retail price of the vacuum machine, plus the cost of delivery; or

- if a retailer can't be found, D&G should settle Ms J's claim for £895 plus VAT as well as £39.75 to reflect the cost of delivery; and
- pay Ms J £100 compensation for the distress and inconvenience it caused.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

Ms J responded to say she accepted my provisional decision.

D&G responded to accept my provisional decision but says the premium refund it has already provided should be deducted.

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.

In my second provisional decision I said the payment D&G provides should factor in the premium refund it has already provided. I reiterated this to Ms J to ensure she understood this would be deducted from any settlement, prior to issuing my final decision. Ms J confirms she understands and accepts this point.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

My final decision is that I uphold this complaint. Domestic & General Insurance Plc should:

- settle Ms J's claim by providing vouchers or a cash equivalent in line with its policy terms. Ms J can provide D&G with evidence to show the retail price of the vacuum machine, plus the cost of delivery; or
- if a retailer can't be found, D&G should settle Ms J's claim for £895 plus VAT as well as £39.75 to reflect the cost of delivery; and
- pay Ms J £100 compensation for the distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 31 January 2024.

Mike Waldron
Ombudsman