

The complaint

Mr A is unhappy that Great Lakes Insurance SE (GLI) declined his claim for accidental damage to his laptop.

What happened

Mr A bought gadget insurance underwritten by GLI to provide cover for his laptop. He claimed under the policy after the laptop was accidentally pushed off a worktop to the hard floor.

GLI asked Mr A for lots of further information, including: an explanation of how the accident happened; confirmation that the laptop was in full working condition before the accident; evidence of maintenance, and evidence of repairs. Mr A provided most of the information, but he refused to provide evidence of maintenance because he believed it to be irrelevant to the claim.

GLI referenced several terms within the policy to show why it was asking for the information, but Mr A didn't think maintenance, or any modifications, were relevant to his claim for accidental damage.

Mr A complained to GLI and it tried to explain why it wanted the information it asked for. However, Mr A felt he'd been subjected to racial bias by its decision to ask for more information. GLI said the accusation was unfounded.

Just over two weeks after Mr A made his claim, GLI declined it because he'd failed to provide sufficient supporting evidence.

To resolve his complaint, Mr A wanted GLI to apologise, refund his policy premium, reimburse the full cost of his laptop, and pay compensation for his time.

Our investigator didn't think GLI had handled Mr A's claim in line with the policy, but she didn't identify any evidence that he'd been singled out because of his race. She said GLI was responsible for confirming last usage of the laptop, but she agreed that GLI was entitled to seek information it considered relevant to its investigation of the claim. In recognition of the shortfalls, our investigator proposed £75 compensation for the inconvenience caused and she thought GLI should consider Mr A's claim once it received the maintenance report.

Both Mr A and GLI disagreed.

Mr A said he'd provided GLI with evidence that his laptop was working at the time of the accident. Because his claim was for accidental damage, not a repair, he remained of the opinion that the maintenance report was irrelevant. Further, Mr A said GLI only avoided a data protection breach because he made the agent aware during the call.

GLI said it dealt with the claim promptly and there was no request for Mr A to provide evidence of usage as that would've been obtained by its engineers had the claim been approved. GLI didn't think any compensation was warranted.

I issued a provisional decision in October 2022 explaining that I was intending to uphold Mr A's complaint. Here's what I said:

provisional findings

I've provisionally decided to uphold Mr A's complaint. While I've upheld the complaint, which is the same outcome as that proposed by our investigator, I'm minded to require slightly different action of GLI. Therefore, I think it's fair and reasonable for both parties to have a further opportunity to comment.

Firstly, I'll clarify the responsibilities of each party when a claim is raised. Here, it was Mr A's responsibility to show that an insured event happened. I think he's satisfied that requirement by providing a photo of the set-up of the kitchen worktop, his damaged laptop, and describing how the accident happened.

It then became GLI's responsibility to either settle the claim or show why one or more of the policy exclusions applied. Ultimately, GLI declined the claim for the following reason:

Insufficient Supporting evidence. – You were asked to provide documentation about maintenance performed on your device... As you have failed to provide this information the decision has been made to decline your claim.

Information request

For GLI to determine whether the damage is covered under the policy, it needs to satisfy itself that the damage was caused in the way that Mr A described. So GLI is entitled to ask Mr A for any information it considers relevant to the claim.

The sticking point with Mr A's claim is that he doesn't think the maintenance work he had done to his laptop is relevant. GLI does. As Mr A confirmed he'd had some maintenance work on his laptop, I can't say it was unreasonable for GLI to ask for evidence of what was done. That's because GLI might determine that the maintenance work was a contributing factor to the extent of damage caused when the laptop was pushed from the worktop. Equally, it may be able to tell from the evidence that the laptop was well-maintained and kept in good working order.

So, I can't say GLI was looking for a reason to decline the claim, as Mr A believed. If Mr A has evidence of maintenance/taking care of his laptop, it may be helpful for him to provide it for GLI's consideration in support of his claim. But, as GLI hadn't inspected the laptop before asking for the information, it's not clear why it deemed it necessary so early on. Therefore, I don't agree that GLI should only consider the claim once Mr A provides the information because it may not be needed.

Profiling

I understand Mr A feels strongly that GLI only asked for the maintenance report after racial profiling so it could decline the claim. He doesn't think GLI would've asked other groups of customers for the same information. This is a point Mr A raised directly with GLI, which it denied immediately.

Mr A hasn't said why he feels racial profiling affected GLI's handling of his claim and, when he asked for details, GLI confirmed it didn't carry out any profiling.

I've thought carefully about Mr A's comments. Having considered the evidence, including listening to the calls between Mr A and GLI, I haven't identified anything to indicate that GLI asked for information it wouldn't have asked any other customer in similar circumstances. So, in the absence of any evidence, I can't reasonably say GLI did anything wrong or that Mr A was singled out in any way.

It appears that this matter became a sticking point because Mr A refused to provide the evidence. While GLI might not have needed it at that point, or possibly at all, it seems the refusal raised questions about the validity of Mr A's claim. GLI explained that Mr A had raised his claim within a short time of buying the policy, and he bought the policy after he'd had his laptop for several months. So, I can understand why GLI might've become uncertain. GLI explained this to Mr A during one of the calls.

So, having considered the overall circumstances, while I don't think it was fair for GLI to hold up the claim because Mr A didn't provide evidence of maintenance, I can't see that its request for information was based on anything other than uncertainty about the validity of the claim.

Usage

GLI said there was no request for Mr A to provide evidence of usage. I disagree.

In a call lasting almost 40 minutes on 1 April, GLI asks Mr A for evidence of usage. Mr A had already provided what he thought evidenced usage right up to the time of the accident, but GLI's agent disagreed and explained how he could obtain clearer evidence. Discussion around this became difficult.

The policy states:

Proof of Usage

Means evidence that shows the gadget has been in use since policy inception and up to the event giving rise to the claim... For other gadgets, such as laptops, in the event of an accidental damage claim this must be determined through inspection by the Administrators selected repairer.

What is not covered

6. any claim where proof of usage cannot be provided or evidenced (applicable only where the gadget is a SIM enabled device or in respect of a laptop/tablet upon inspection).

It's clear that Mr A was not required to provide proof of usage under the terms and conditions of the policy, and that it would, in fact, be determined by GLI on inspection. Therefore, I'm satisfied that GLI's request for Mr A to demonstrate usage was unfair and warrants compensation.

Phone verification

Mr A told GLI's claims handler during one of his calls that they hadn't completed the proper verification checks. Having listened to the call I can understand why he said that. However, I haven't identified any evidence that the matter caused Mr A any loss that needs to be put right. Therefore, I won't be asking GLI to do anything in respect of this point.

Declined claim

I can see that GLI gave Mr A various reasons to say why it didn't think his claim would be covered, although it eventually declined the claim because of insufficient supporting evidence.

I've looked at how GLI should've handled the claim.

The policy defines accidental damage as:

the sudden unforeseen and unintentional damage to your gadget. This includes damage to screens and damage resulting from sudden and unforeseen liquid damage.

Once Mr A provided evidence that his laptop was damaged, and his account of events – hurriedly putting a hot tray down which knocked the laptop to the floor – met the definition of an accident, GLI should've inspected the laptop. I see it challenged the way the accident happened, and it gave reasons the policy wouldn't cover the damage, such as failing to take reasonable precautions to prevent risk, but GLI didn't decline the claim for those reasons and it hasn't demonstrated that the exclusions apply here.

Putting things right

Overall, it would be reasonable for GLI to pay £75 compensation for the shortfall in service, and reconsider Mr A's claim in line with the terms and conditions of the policy. In doing so, it can establish usage and investigate the type of damage against Mr A's description of events.

I said I was minded to require Great Lakes Insurance SE to:

- *pay £75 compensation, and*
- *consider Mr A's claim under the remaining terms and conditions of the policy.*

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

GLI said there was no request for Mr A to provide evidence of usage as that would've been obtained by its engineers had the claim been approved. GLI also said it declined the claim promptly considering there was some doubt about the validity of the claim, and given Mr A's accusations. As the whole process was completed within 17 days, GLI didn't think compensation was warranted.

Mr A repeated many of his original complaint points, going on to ask how I'd feel if treated the same way. That said, he generally agreed with the direction of my provisional decision, but he didn't think GLI could be trusted to consider his claim fairly under the terms of the policy. He asked me to require an independent assessment of his claim and to increase the compensation significantly to reflect the loss of use of his laptop and his feeling of being treated unfairly.

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've decided to uphold Mr A's complaint for the same reasons I gave in my provisional decision. However, I'll address the further comments made by both parties now.

GLI said it didn't ask Mr A for usage evidence. I addressed this point in my provisional decision under the heading "Usage", explaining GLI did in fact ask Mr A for evidence. So, I can't agree with GLI's comment.

GLI said it dealt with the claim promptly, so compensation isn't warranted. I didn't propose compensation for any delays – I said it was warranted because of the way it handled the matter of evidence of usage. GLI confirmed again that its technicians would've identified usage, as set out in the policy, so it shouldn't have insisted on Mr A providing the information.

I looked again at the evidence and, although I summarised his points above, I'll address Mr A's comments now, as a whole.

I agreed that GLI hadn't handled Mr A's claim in line with the policy, with specific reference to the request for evidence of usage. I also agreed it needn't have insisted on the maintenance evidence before even looking at Mr A's laptop. Mr A said maintenance is not the same as repairs, but I don't think that's important here. In my provisional decision, I said GLI was entitled to ask for information it considered relevant, and maintenance records may well be relevant. But I didn't think it could reasonably say that without first having inspected the laptop.

Although Mr A asked how I'd feel if my claim were handled this way, that doesn't have any relevance to his complaint. I have no reason to doubt that Mr A felt GLI's treatment of him throughout the process was due to racial bias, and I'm sorry to hear that. But, while I don't wish to appear dismissive of his concerns, I've simply not seen any evidence that GLI treated him any differently than it would other groups of customers. GLI didn't handle the claim well, but I'm also mindful of the fact that Mr A's tone during calls was heated and became quite accusatory. I can understand that he was frustrated with GLI's repeated requests for evidence he didn't think it should've asked for, but I don't think his manner helped matters.

In all, I'm satisfied that the compensation I proposed is fair and reasonable for GLI's unreasonable requests for Mr A to provide evidence of usage. The compensation is not to address any delays, nor is it to address Mr A's accusation of racial bias, so I see no reason to increase it.

As a final point, Mr A asked me to require an independent consideration of his claim because he doesn't trust GLI to consider his claim fairly. If Mr A accepts my final decision, GLI will be required to consider his claim under the remaining terms of the policy. It must do that fairly, so I won't be asking for an independent review. However, if Mr A is unhappy with GLI's consideration of his claim, he may make a further complaint and follow the same process as he did here.

But I should be clear about what my requirement for GLI to reconsider his claim means. GLI declined Mr A's claim because it said he'd failed to provide sufficient supporting evidence. I decided that it wasn't fair to do so, and that means GLI can't rely on this same reason to decline Mr A's claim.

If it finds that another policy exclusion applies, it can decline Mr A's claim. And Mr A is entitled to consider whether its reasons for doing so are reasonable. Equally, GLI may reconsider the claim and decide to accept it. My decision isn't in anticipation of a specific outcome – it simply reflects that I agree with Mr A that GLI declined his claim unfairly first-time round.

My final decision

For the reasons I've explained above, and in my provisional decision, I uphold Mr A's complaint and Great Lakes Insurance SE must:

- pay £75 compensation, and
- consider Mr A's claim under the remaining terms and conditions of the policy.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 January 2023.

Debra Vaughan
Ombudsman