

The complaint

Mr N complains about Great Lakes Insurance SE's decisions to decline a claim for a stolen mobile phone.

What happened

At the relevant times, Mr N had gadget insurance underwritten by Great Lakes, which covered his mobile phone.

He bought the policy a few days before embarking on a trip overseas. He also bought a new SIM – not from his original network provider – which was significantly cheaper to use abroad.

Around two weeks later, Mr N made a claim. He said his phone had been stolen whilst he was overseas.

Mr N provided Great Lakes' agents with proof of purchase of the phone, a police report of the theft, evidence that he'd been using the SIM provider's network and proof the phone had been blacklisted and blocked.

Great Lakes' agents asked Mr N to provide proof of usage of the actual mobile device itself (rather than the SIM). Mr N asked the SIM provider, but they said they aren't able to provide records of use of the device.

On that basis, Great Lakes declined the claim. And when Mr N complained to them, they quoted the policy terms. The terms say that when making a claim, the policyholder must provide proof of usage of the gadget or device from the point the policy was purchased and up to the events leading to the claim.

Mr N wasn't happy with this outcome and brought his complaint to us. Our investigator looked into it and thought Great Lakes had acted unfairly in declining the claim and should now settle it.

Great Lakes disagreed and asked for a final 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.

The terms of the policy are clear about what a policyholder needs to provide when making a claim for loss or theft of a gadget.

In the section about claims procedures, the policy document says that when making such a claim, the policyholder must: report the loss to their network provider (so they can blacklist the gadget, where applicable); report it to the Police; provide proof of purchase; and provide proof of usage between policy inception and the date of loss.

There's also a general exclusion set out in the policy which says that claims will not be paid

where proof of usage isn't provided or evidenced.

There's no dispute in this case that Mr N has provided everything the terms say Great Lakes will need from the policyholder to substantiate a claim *except* proof of usage (at the relevant times).

That being the case, the terms – strictly applied – would allow Great Lakes to decline the claim, because Mr N hasn't been able to provide evidence he was using the phone after he bought the policy.

So, the question for me in making this decision is whether applying the terms in that way and declining the claim is fair and reasonable in all the circumstances.

I don't think there would be much debate about Great Lakes' decision to decline the claim *if* Mr N had known in advance that replacing the SIM in his phone would mean that there would be no way to show whether or not he'd been using the phone after the inception of the policy.

If that were the case, I think there would be reasonable room for suspicion that Mr N might have lost the phone *before* he took out the policy. It's this kind of scenario that the relevant terms in the policy are primarily there to guard against.

However, I don't think that is the case here. I say that for a number of reasons, which I'll explain in more detail below.

First, the network provider from whom Mr N bought the replacement SIM – unsurprisingly perhaps – doesn't make it clear up front that they won't be able to provide data about the usage (or otherwise) of a particular mobile phone.

Mr N found out that was the position only after he asked them for proof of usage data after he was asked for it by Great Lakes.

Many network providers – whether or not they were also the provider of the device or the original network provider - *are* able to provide device usage data. So, it wouldn't have been entirely unreasonable for Mr N to assume his provider might be able to do the same.

This (incorrect, as it happened) assumption might even have been encouraged by the way the terms of Mr N's policy are set out by Great Lakes.

In the policy booklet, they give a definition of "proof of usage" which says – without any caveat or contradiction - that proof of usage:

"...evidence can be obtained from your network provider."

It's worth noting that it doesn't say *some* network providers can provide proof of usage data. And it doesn't, for example, warn the customer that some network providers might *not* be able to provide proof of usage data.

There's nothing in the way Mr N presented his claim, or in his on-going communication with Great Lakes' agents, or in his communication with us, that suggests he's anything other than an honest individual who's very unfortunately been the victim of a crime.

His version of events is entirely credible. It makes sense that he bought the policy before going abroad. He might reasonably have concluded that there was more risk of losing the device – or having it stolen - whilst he was travelling.

It also makes perfect sense that he switched network providers before travelling, because the cost of making calls and/or using data was considerably cheaper.

Mr N has also provided Great Lakes' agents with all the evidence they required – to show he owned the phone, that he reported its theft, that he reported it to his network provider and had the phone blacklisted, that he was making calls and using data whilst abroad – *except for the proof of usage data.*

When he went to obtain that data, he found out his network provider can't provide it. Mr N has provided copies of the communications between him and the network provider and there's no doubt at all that they're saying they can't provide proof of usage of the device itself. So, there's nothing else Mr N could then do to validate the claim in the way Great Lakes insisted.

I can understand why Great Lakes would wish to apply the terms of the policy very literally and strictly. And I can certainly understand the need for some provision in such policies to preclude the possibility that individuals might buy policies only after already having suffered a loss.

However, taking all of the evidence in this case into account, I'm satisfied it's unfair and unreasonable for Great Lakes to decline Mr N's claim simply because his network provider is unable to provide proof of usage data.

Mr N took the very understandable and quite normal decision to change his network and SIM provider so as to get a cheaper deal whilst travelling abroad.

For the reasons I've set out above, I think it's very unlikely Mr N knew or suspected – or indeed might have reasonably been expected to know – at that point, that he'd be unable to get sufficient evidence to satisfy Great Lakes' claim requirements.

I note, in this context, that Mr N's policy is sold on the basis that cover is worldwide - as long as trips don't exceed a certain length of time. Some mainstream network providers are relatively expensive when travelling outside the UK, so it's hardly surprising that policyholders might wish to use other (and less established) network providers in those circumstances.

Putting things right

Great Lakes' agents have told Mr N – and us – that they declined Mr N's claim for the sole reason that he couldn't provide evidence of proof of usage.

Since I've concluded that it's unfair for them to decline the claim on that basis, it follows that they should settle the claim in full at the earliest opportunity.

My final decision

For the reasons set out above, I uphold Mr N's complaint.

Great Lakes Insurance SE must settle Mr N's claim in full as soon as is practically possible after Mr N accepts this decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 26 May 2023.

Neil Marshall
Ombudsman