

The complaint

Mr A is unhappy with the settlement amount offered to him by Assurant General Insurance Limited, after he made a claim under his mobile phone and gadget insurance policy.

What happened

Mr A has explained that whilst abroad his laptop and e-reading device were stolen. As these were stolen Mr A made a claim under the mobile and gadget insurance policy he held through his packaged bank account.

Assurant considered Mr A's claim and accepted it. It made an offer to settle the e-reading device, which Mr A was satisfied with. In terms of the laptop, Assurant made a cash settlement offer of £1,373.40 (minus any applicable excess). Assurant said this offer was based on the price Mr A originally paid for the laptop. It had used this method of settlement because it said it couldn't source a replacement laptop for Mr A.

Mr A was dissatisfied with the cash settlement offered. He explained this figure wouldn't enable him to purchase a laptop of the same specification as his original one. Mr A provided some context as to the purchase of his original laptop.

In summary, he explained he'd attempted to purchase a laptop through its manufacturer, but the laptop ordered arrived in separate pieces, rather than built as it should have been, so this initial purchase was returned. After numerous communications with the laptop manufacturer, they recommended a particular laptop to Mr A, a Lenovo Thinkpad Yoga X1, generation 6. The manufacturer provided a significant discount on the item, to apologise for the errors Mr A had experienced. Mr A purchased this laptop. So, Mr A said whilst he might have purchased the laptop for £1,373.40, this wasn't reflective of its actual value at the time of purchase.

Mr A said the settlement Assurant should be providing, in the absence of providing a replacement laptop of equivalent specifications, should reflect the cost of the current market value of the laptop.

As Mr A was dissatisfied with the cash settlement, he raised a complaint with Assurant. Assurant considered this but didn't change its position on the matter. It was satisfied the settlement it had offered for the laptop was fair.

As Mr A remained unhappy with this, he referred his complaint to this service for an independent review.

Our investigator considered this complaint and didn't think it should be upheld. They noted that as Assurant wasn't able to replace the laptop, they needed to provide a cash settlement. And the investigator considered the cash settlement offered to be fair.

Mr A didn't agree. He reiterated his position on the matter.

As Mr A didn't agree, this complaint has been referred to me to decide.

I issued a provisional decision on this complaint. In this I said:

"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'm intending on upholding this complaint. I've explained why below.

When considering complaints such as this, I need to consider the relevant law, rules and industry guidelines. The relevant rules, set up by the Financial Conduct Authority, say that an insurer must deal with a claim promptly and fairly. So, I've thought about whether Assurant acted in line with these requirements when it offered to settle Mr A's claim for his laptop at £1,373.40.

I've also reviewed Mr A's policy documents, to see what cover the policy provides. And I can see the policy does provide cover for the theft of a laptop. Assurant has accepted the claim, and that it's covered by the policy – so I haven't needed to consider this element any further.

The policy also explains how Assurant will settle a claim for a stolen laptop. It says that Assurant will replace the laptop with one of the same make and model, and if this isn't possible, it will provide Mr A with a choice of models with an equivalent specification. The replacement item would come from fully refurbished stock.

The policy then goes on to say that if Assurant are unable to provide a replacement item as above, it will contact Mr A to offer an alternative settlement. The policy doesn't detail how that alternative settlement will be worked out.

Assurant said it couldn't replace Mr A's laptop – or replace it with a laptop with an equivalent specification. So, it was offering the above-mentioned alternative settlement. As above, Assurant doesn't detail in its policy what an 'alternative offer' will entail. With it not detailing how this alternative settlement would be worked out, I've needed to consider whether the alternative settlement offered by Assurant was fair and reasonable in the circumstances.

Having done so, I'm currently not satisfied Assurant's offer of £1,373.40 was fair.

It seems to me, that a fair and reasonable 'alternative offer' in this case, is something that achieves the same aim as Assurant's primary settlement option in the policy – which is the replacement of the laptop, so the policyholder is in the same position they were in prior to the loss.

That means that if a cash settlement is provided, it would be fair and reasonable for the cash settlement to be based on the value of an equivalent laptop, in age and specifications, at the time of the loss. This being so Mr A could source a laptop of equivalent specifications himself – or put the value of his original laptop towards an upgraded specification.

That isn't what Assurant has based its offer on. Instead, it has based its offer on the price Mr A paid for the item – which included a significant discount because of service issues Mr A had with the manufacturer.

Assurant has said that providing Mr A with the original price he paid for the laptop puts him back in the position he was in before his loss. But I don't agree. Mr A had a specific laptop, with specific features. He no longer has this due to the theft. And Assurant hasn't shown the settlement it has provided would enable Mr A to purchase an equivalent laptop – of the same age and specifications. So, Mr A is without the laptop, and without the settlement to replace it.

I understand that Mr A received a discount from the manufacturer when he purchased the laptop. And Assurant has mentioned that the policy asks for a purchase price when registering a device. And that may be the case. But the policy doesn't say the settlement will be based on that purchase price, in the absence of a replacement being sourced. And, as above, to truly indemnify Mr A, he would need to be provided with a settlement, in line with the relevant policy limits, that enables him to purchase a replacement item.

Given the above, my provisional decision is that I intend on upholding this complaint and requiring Assurant General Insurance Limited to:

- Provide a cash settlement for Mr A's laptop, based on what it would cost him to source a laptop equivalent in age and specification at the time of claim. Minus any excess applicable under the policy.*
- Assurant should pay 8% interest on this cash settlement, from the date it made its original offer of settlement for the laptop, to the date of eventual settlement, less any tax properly deductible. This is to recognise the time Mr A has been without the funds that should have been provided to him at the point of Assurant's original offer. If HM Revenue & Customs requires Assurant to deduct tax from this interest, Assurant should give Mr A a certificate showing how much tax its deducted, if they ask for one."*

Mr A responded to by provisional decision and agreed to it. Assurant didn't respond.

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've decided to uphold this complaint.

There hasn't been any further comments or evidence from either party, to alter my findings on this complaint, or the reasoning for it. And so, my decision remains the same as that in my provisional decision, and for the same reasons.

My final decision

Given the above, final decision is that I uphold this complaint and require Assurant General Insurance Limited to:

- Provide a cash settlement for Mr A's laptop, based on what it would cost him to source a laptop equivalent in age and specification at the time of claim. Minus any excess applicable under the policy.
 - Assurant should pay 8% interest on this cash settlement, from the date it made its original offer of settlement for the laptop, to the date of eventual settlement, less any tax properly deductible. This is to recognise the time Mr A has been without the funds that should have been provided to him at the point of Assurant's original offer. If HM Revenue & Customs requires Assurant to deduct tax from this interest, Assurant should give Mr A a certificate showing how much tax its deducted, if they ask for
- Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 21 August 2023.

Rachel Woods

Ombudsman