

The complaint

Mrs P complains that Assurant General Insurance Limited provided her with a blacklisted replacement phone after she made a claim under her mobile phone insurance policy.

What happened

In late 2023, Mrs P made a claim under her mobile phone insurance policy with Assurant because her phone was damaged. Assurant was unable to repair the phone, so it provided her with a replacement handset.

A couple of months later, Mrs P told Assurant she'd sent the phone off for a trade in, but she was told it was blocked. The company she'd sent it to wouldn't give her the phone or the £335 she was due as part of the deal. She felt Assurant was responsible for this as it appeared to have provided her with the phone without checking it was fraudulent.

Assurant said it could confirm that the device was blacklisted by an overseas network. It offered to exchange the phone if Mrs P was able to get the handset back from the trade-in company. Assurant also provided Mrs P with a letter confirming that it had replaced her device in fulfilment of her insurance claim, which included the IMEI number of the replacement phone. Mrs P sent this to the trade-in company, but it said it could only return the phone once the block had been lifted. So, Mrs P asked our service to consider the matter.

Our investigator thought Mrs P's complaint should be upheld. She felt Assurant was responsible for Mrs P losing out on the trade-in value of the phone because it hadn't carried out sufficient checks before providing her with it. She also thought Assurant could have done more for Mrs P once it became aware of the blacklisting of the phone in January 2024. The investigator recommended that Assurant pay Mrs P the money she would have got from the trade-in service if her replacement phone wasn't blocked, as well as £150 for distress and inconvenience.

Assurant disagreed with our investigator's outcome. It said it had provided Mrs P with a working phone, in line with the policy terms, in settlement of her claim. Therefore, it had put her back in the position she was in prior to the device being damaged. It said the block hadn't been added to the phone by Assurant and Mrs P hadn't advised it that she was having any issues with the phone during the three months she was using the device. So, the complaint has been passed to me to decide.

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 Mrs P's complaint. I'll explain why.

The Financial Conduct Authority's Consumer Duty principle requires businesses to deliver good outcomes for retail customers. They should act in good faith, avoid causing

foreseeable harm and enable and support retail customers to pursue their financial objectives.

Assurant says all of its replacement phones go through stringent quality checks to ensure they are in full working order before being sent to a customer. It says the replacement device it gave Mrs P was re-manufactured by the manufacturer itself. It says Mrs P confirmed that the phone was not blocked for her, and the first time she was aware of the block was when she sent it to be traded in.

Assurant has commented that as the block was by an overseas network, it could have been added at any time without Mrs P being aware of it and the phone would have continued to work. These blocks could be placed on any phone if someone makes a (possibly fraudulent) claim or an IMEI number has been recorded incorrectly. This could happen to anyone, and not only on refurbished or replacement devices, but also to brand new devices. A block can only be removed by the same network / company that has placed it on the device.

I appreciate a block could theoretically be placed on any phone at any time. However, Assurant has provided us with a screenshot of a search it did after Mrs P advised it of the issue. This shows that the phone was placed on a shared mobile phone networks blacklist in 2021, which was more than two years before Assurant gave the phone to Mrs P.

Assurant says it would be impossible for it to check if every replacement device it had in stock had been blocked by any of the networks worldwide. But I think it's foreseeable that a customer could be caused harm in the future if they are provided with a phone that can't be traded in, even if it is usable. So, while I understand it might not be Assurant's process to carry out these checks on every replacement device, I think it should at least be willing to ensure a customer isn't caused financial harm in the event that a replacement device does turn out to be blocked. And it should act in good faith by taking appropriate steps to put things right.

Assurant's offer to replace Mrs P's handset if she could get the phone back from the trade-in company was clearly of no use to her because the trade-in company wouldn't return it to her for legal reasons. I can see that Mrs P passed on Assurant's confirmation letter to the trade-in company, but it said it couldn't return the phone without the block being lifted. It had a legal requirement to hold the device for 28 days, which had already been extended to give Mrs P time to resolve the issue. In previous correspondence with Mrs P, the trade-in company said that once the time limit was up it wouldn't be able to process her payment or return the handset even if the block was lifted.

Assurant says it asked the network provider to unblock the phone and Mrs P says she'd also tried to contact them. However, the block wasn't lifted. This meant that Mrs P was left without the trade-in value of her phone, through no fault of her own.

Keeping in mind Assurant's duty to act in good faith, I think the right thing for it to do would have been to either replace the phone or pay Mrs P the trade-in amount without requiring her to retrieve the device. As it wasn't willing to do this, I don't think Assurant has acted fairly or reasonably.

Mrs P has provided evidence to show that the trade-in amount she would have received for her phone was £335. So, I think Assurant should pay her this to compensate her for her financial loss.

I think this has been a frustrating and upsetting experience for Mrs P, who has been in contact with multiple parties to try to get the matter resolved. So, I think it would also be fair

for Assurant to pay her £150 in recognition of the distress and inconvenience she's experienced.

Putting things right

Assurant should pay Mrs P the trade in value of her phone (£335) and £150 for distress and inconvenience.

My final decision

For the reasons I've explained, I uphold Mrs P's complaint and direct Assurant General Insurance Limited to put things right by doing as I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 22 July 2024.

Anne Muscroft
Ombudsman