

## **The complaint**

Mr F complains that Astrenska Insurance Limited (“Astrenska”) declined his claim for a lost mobile phone. He’s also unhappy with how it handled the claim.

All references to Astrenska include its agents.

## **What happened**

Mr F took out his mobile phone insurance policy on 26 December 2022. It provided cover if the insured phone was lost.

Mr F lost his phone in March 2023 so made a claim on his policy. He was told the policy hadn’t been validated, but Mr F doesn’t agree. He says he provided images of his phone to Astrenska within seven days of taking out the policy.

Mr F says he had no correspondence from Astrenska to advise him there was any outstanding information, and that the policy hadn’t been validated. He says the payments for the policy have continued to be taken out each month.

In trying to deal with the matter Mr F spent a number of hours on the phone to Astrenska, and when he did get through to someone he was put on hold and passed around three different departments. Mr F asked for evidence Astrenska had tried to contact him regarding validating his policy but none was provided.

Astrenska said if it had received the information it requested the policy would have been validated. It said it is evident it didn’t receive any information required to validate the policy. Astrenska confirmed payment would still be taken for the policy since Mr F had entered a credit agreement agreeing to a monthly direct debit.

Mr F didn’t agree with Astrenska so he referred his complaint to the Financial Ombudsman Service. One of our investigators looked into things for him. She said she thought Astrenska had fairly declined the claim since there was no evidence to show the policy was validated. The investigator said Astrenska should have cancelled Mr F’s policy and returned his premiums as per the terms of the policy. So she recommended Astrenska refund Mr F’s premiums, plus 8% yearly simple interest.

Mr F disagreed. He said his phone cost over £700, and he did validate his policy. Because he didn’t agree the complaint has come to me to decide.

## **My provisional decision.**

I recently issued a provisional decision setting out my thoughts on the key complaint points and how I thought matters might best be resolved. I said;

*“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.”*

*Following receipt of further evidence from Astrenska, I'm minded to partially uphold the complaint, and I will explain why.*

*It's clear Mr F feels very strongly that Astrenska should settle his claim. And I see why he thought he had insurance in place since he was paying for it each month. I recognise he feels let down by the service he received and I can understand his frustration.*

*I want to assure Mr F that I've read and considered everything I have received carefully. My role is to consider the evidence to reach what I think is a fair and reasonable decision.*

*For me to say Astrenska should do something differently here I need to be satisfied it has done something wrong. And to decide this I've thought about the requirements Astrenska set out in its terms and conditions, as well as its internal business process, against the information Mr F has already provided, to conclude whether I think it has done something wrong.*

*Insurers are entitled to validate any claims made to them. I don't think this is unreasonable as it protects Astrenska from paying out in circumstances where it isn't liable. And I'd expect Astrenska to mitigate its losses where possible. I don't think it has acted unfairly in going through a process before a policy is confirmed and a claim is accepted.*

*There's no dispute in this case that Mr F needed to provide everything the terms say Astrenska will need from the policyholder to validate the policy. And because Astrenska didn't receive the validation documents the claim was declined. 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.*

*The terms and conditions of the policy say, "Within 7 days of taking out this policy you must provide us with: -*

- a) Photographic evidence confirming the insured electronic equipment is not broken and in an operational state,*
- b) A description of the electronic equipment you wish to cover under this policy*
- c) If your electronic equipment is a mobile phone, we require a photograph of your IMEI number clearly displayed on your mobile phone."*

*In its email to Mr F dated 26 December 2022 Astrenska says, "policy is active but not yet validated. To ensure that you are covered in the event of a claim we now require a validation image of your device." The email goes on to say it requires this information within seven days of the policy being purchased. So I'm satisfied Astrenska was clear in the information it required from Mr F.*

*Astrenska has provided evidence to show that it didn't receive any correspondence from Mr F from 26 December 2022 to 26 December 2023. So I'm satisfied Astrenska has shown the information it requested wasn't received.*

*I empathise with the position Mr F finds himself in. He took out insurance with Astrenska and, since his monthly direct debits were being taken, he wasn't aware there were any issues with his policy.*

*I don't think there would be so much debate about Astrenska's decision to decline the claim if it had told Mr F he hadn't provided it with the required information. I think if Astrenska had told Mr F his policy still needed to be validated, he would have had an opportunity to either re-send the validation documents or cancel his policy and take out alternative cover. But it didn't do this. And that means that when Mr F lost his phone, he had no valid cover in place.*

*As it stands then, there's no documentation which shows Mr F provided the information requested to validate his claim. And in the absence of that evidence I can't say Astrenska acted unreasonably in declining the claim.*

*When Astrenska became aware it didn't have Mr F's validation documents I would have expected it to cancel his policy and refund the premiums. But it didn't do this. It continued to charge him for the policy; and didn't tell him about the missing validation until he tried to make a claim some three months later. And I don't think that's fair. So I am partially upholding this complaint.*

*Astrenska have told Mr F – and us – that they declined Mr F's claim since he didn't validate his policy. And it has provided evidence to substantiate what it is saying. But I don't think it's fair for Astrenska to have failed to cancel the policy at that stage and not to have told Mr F the policy had been cancelled"*

### **Response to my provisional decision**

I asked both parties to send me any further evidence or arguments in response they wanted me to consider. Mr F provided no further comments.

Astrenska said the credit agreement and direct debit Mr F entered into to pay for the policy is with a third-party company, who I will refer to as PC, not with Accredited. So, Mr F has not made any payments to Accredited.

### **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 reproduced my provisional decision here and it forms part of this final decision.

I've thought about Astrenska's response to my provisional decision carefully but don't agree. On considering the evidence available I'm satisfied Mr F lost out because Astrenska made an error in not cancelling the policy when it wasn't validated. So it's up to Astrenska to put things right regardless of how the payments might have been collected.

I'm satisfied this represents a fair and appropriate way to resolve the dispute. So, for the reasons explained above I'm upholding Mr F's complaint.

### **Putting things right**

I uphold Mr F's complaint about Astrenska. And to put things right I require it to do the following;

- Refund any premiums paid by Mr F.
- Add interest at a rate of 8% simple per year from the date Mr F took out the policy to the date of settlement.
- Pay Mr F £100 compensation for the distress and inconvenience he's suffered as a result of its handling of his claim

### **My final decision**

For the reasons I've explained, I'm upholding this complaint and direct Astrenska Insurance Limited to settle this matter by doing what I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 7 June 2024.

Kiran Clair  
**Ombudsman**