

The complaint

Mr Y complains about the way Assurant General Insurance Limited handled a claim under his mobile phone insurance policy.

What happened

The detailed background to this complaint is well known to both parties, so I'll only summarise the key events here.

Mr Y has mobile phone insurance, underwritten by Assurant, as a benefit of his packaged bank account. In September 2023, he made a claim for screen damage and a dent to his iPhone.

Assurant accepted the claim and took payment of the £100 policy excess. The phone was repaired and returned to Mr Y.

Mr Y raised a complaint, his key points being:

- Non-genuine parts have been used to repair his phone. This has caused an error message to appear.
- The policy terms weren't made sufficiently clear to him that non-genuine parts would be used for a repair. This goes against the rules and regulations applicable to Assurant, including Consumer Duty.
- He subsequently tried to sell the phone as he'd upgraded his device and he was offered £500. But, due to non-genuine parts being used to repair the screen, the offer has reduced to £170.
- He'd previously made a claim for a damaged screen and was given the option to go to Apple directly for a repair. He doesn't understand why he wasn't given this option on this occasion.

Assurant didn't uphold the complaint, the key reasons being:

- The policy terms explain that unbranded parts may be used for repairs.
- It does use genuine Apple parts, they're just unbranded. And its engineers are Apple authorised.
- The phone went through a 65-point quality check before it was returned to Mr Y and a warranty has been provided.
- The message appearing on Mr Y's phone is just stating the device doesn't recognise the replacement screen as being part of the phone from its original manufacture. It will disappear once its synced, but it won't affect his ability to use it.

- Any repair to a phone will reduce its value and the policy doesn't cover loss of profit from the sale of the phone.
- Where a claim is made for screen damage only, it has an agreement in place with Apple where a customer can go to them directly for a repair. In this case, Mr Y was claiming for screen damage and dents, so the correct process was for Assurant to repair it.

Mr Y remained unhappy, so he brought his complaint to our service. And our Investigator upheld it. She said Assurant hadn't made the policy terms sufficiently clear and had Mr Y known unbranded parts would be used, she was persuaded he wouldn't have made his claim.

Based on this, our Investigator recommended that Assurant arrange for the unbranded parts to be replaced with the appropriate Apple branded part. And that it should pay £100 compensation.

Mr Y accepted this outcome, but Assurant didn't. So the complaint was passed to me to decide. And I issued the following provisional decision.

My provisional decision

When doing so, I've taken into account the relevant rules and regulations, and good industry practice. In particular the Financial Conduct Authority's (FCA) Insurance Conduct of Business Sourcebook (ICOBS) and Consumer Duty.

The terms and conditions of Mr Y's mobile phone insurance policy say:

"Repairs may be made using readily available parts, or we may provide refurbished products which may contain parts, which are of similar or equivalent specification, and which may include unbranded parts."

This may not be an unusual term of a mobile phone insurance policy, but it is a significant one. As such, Assurant was required by the relevant rules and regulations to ensure the term was prominent and sufficiently clear and not hidden in lengthy terms and conditions.

Mr Y's policy forms part of the benefits under his packaged bank account. And the policy terms are included within the bank account's terms and conditions booklet of 121 pages.

Having reviewed the booklet, I can see that between pages 14 and 21 a summary of the account benefits is set out with mobile phone insurance on page 21. This page highlights some of the key benefits and important exclusions, in a similar way to a key facts document.

I can't see that the above policy term is mentioned on this page. I can only find it within the mobile phone insurance section of the booklet which starts on page 113 and the term itself is on page 118.

So I'm not satisfied the policy term has been made sufficiently clear to Mr Y. In addition, Assurant had a further opportunity to highlight this to Mr Y – when he made his claim – and I can't see that it did.

I've thought about whether Mr Y would've done anything differently had he known unbranded parts would be used to repair his phone at the time he made his claim. And I'm not persuaded he would have. I'll explain why.

Mr Y had no way of knowing an error message would appear on his phone following the repair. He also didn't know his phone would reduce in value as, from the information I've seen, he didn't receive the quotes for the phone until after it was repaired.

So I don't think Mr Y would've opted to pay Apple directly to replace his screen, which would've likely cost him in the region of £350, instead of making a claim on his policy for both the screen and dents and paying the policy excess of £100. I think it's only in hindsight, based on what he now knows, that Mr Y may feel he would've done something differently.

Furthermore, I can't say with any certainty that it's the unbranded part causing the error message on Mr Y's phone as I've not been provided any evidence to show me that's the case. Assurant say it's because the screen isn't the phone's original one from its manufacture.

I also can't say with any certainty that Mr Y would've received £500 for his phone had the repair been carried out with a branded part. It's likely any repaired damage, regardless of the parts used, would likely affect a phone's value.

For these reasons, I'm not persuaded Assurant need to do anything more to repair Mr Y's phone as he's had a valid repair under the policy terms. But I do think he should be compensated for Assurant's failure to highlight a significant policy term as he no doubt would've been distressed when he found out after the fact that unbranded parts had been used. I intend to award £100 compensation.

Responses to my provisional decision

Assurant has responded with the following points:

- Mr Y's mobile phone insurance forms part of the benefits under his packaged bank account and he would've been provided with a welcome pack including the policy terms and conditions.
- The sale of the policy is outside of Assurant's jurisdiction.
- Mr Y had a responsibility to read and understand the policy terms and conditions to decide if it was suitable for his needs and it's his decision if he wishes to make a claim.
- The terms and conditions are clear how repairs will be undertaken and the replacement parts which may be used.

Mr Y acknowledged receipt of my provisional decision but had nothing further to add.

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 thought about the points raised by Assurant. I'm aware it's not responsible for the sale of this mobile phone insurance policy. But, as the insurer, it is responsible for producing the policy documentation. And it has an obligation under the relevant rules and regulations to ensure that documentation is clear, fair, and not misleading – and that any significant or unusual exclusions or limitations are prominent and made sufficiently clear.

A significant exclusion or limitation is defined by ICOBS as one that would tend to affect a consumer's decision generally to buy the policy. I'm persuaded that the use of non-branded parts and refurbished products would impact a customer's decision whether to take the policy out. And, as I've explained in my provisional decision, this policy limitation is only set out on page 118 of a 121-page document.

Assurant had a second opportunity to highlight this policy limitation to Mr Y when he made his claim on the policy. But I haven't seen anything to suggest that he was told unbranded parts would be used when he reported the phone's damage or at any point in the claim process prior to his phone being repaired.

For these reasons, my decision stands that Assurant failed to highlight a significant policy term to Mr Y which would've caused him distress when he later found out that his phone had been repaired with unbranded parts.

My final decision

For the reasons I've explained, I uphold this complaint and direct Assurant General Insurance Limited to pay Mr Y compensation of £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 18 July 2024.

Sheryl Sibley
Ombudsman