

The complaint

Mr K has complained that his gadget insurer, Amtrust Europe Limited ('Amtrust'), declined a claim he made on his policy after his mobile phone stopped working.

Amtrust is the underwriter of this policy i.e., the insurer. During the claim Mr K also dealt with other businesses who act as Amtrust's agents. As Amtrust has accepted it is accountable for the actions of its agents, in my decision, any reference to Amtrust includes the actions of the agents.

What happened

Mr K had gadget insurance as part of his travel insurance policy. He was abroad when his mobile phone stopped working and made a claim on his policy. Mr K said his phone stopped working as he was scrolling on it and the screen went white and stopped working ever since.

Amtrust logged the claim and asked Mr K what caused the damage, for example, if the phone had been dropped or if any liquid had been spilled on it. Mr K said no and that the phone was waterproof and in a protective case.

Amtrust declined the claim and said this was because there was no fortuitous event that caused damage to the phone. It said the phone had broken down which is something that isn't covered under the policy.

Mr K didn't agree. He later obtained a repair quote which said that the screen had liquid damage. Mr K appealed the matter with Amtrust, but it didn't change its decision for the reasons it had already provided. It said when Mr K reported the claim, he said that the phone had simply stopped working as he was using it.

Mr K then brought his complaint to our service. He said he had initially reported the incident as a mechanical fault as the device failed as he was holding it but after he had it professionally inspected it was confirmed that the cause was liquid intake. He asked for Amtrust to cover the claim and to compensate him for the inconvenience and financial strain he suffered due to not being able to use his mobile phone over this period.

One of our investigators reviewed the complaint and thought it should be upheld. Our investigator said that Amtrust should reconsider the claim in light of Mr K's evidence that the phone was damaged due to liquid intake. She also thought it should pay him £100 compensation for the distress and inconvenience it caused him.

Amtrust didn't agree and said that Mr K admitted that there was no incident that caused the damage. It asked for an ombudsman's decision and so the matter was 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.

Mr K's gadget policy provides cover in the event of accidental damage including liquid damage, loss, malicious damage and theft. The policy excludes claims involving a breakdown which is caused by an internal failure or burning out of any part of the gadget.

When Mr K reported the claim he said that the phone stopped working while he was using it and wasn't aware of any incident that may have caused this damage. On this basis, I think Amtrust initially declining the claim was fair and reasonable and in line with the policy terms. And that is because it seemed to be a breakdown, something that's excluded under the policy.

Mr K said he then had the phone inspected by a certified technician who said that the damage was due to liquid intake. Mr K has provided a copy of the estimate which states that the device was damaged by liquid.

Mr K informed Amtrust of the above but it said it had to consider the claim based on his initial report of the events where he said that there was no event that led to the damage and that the phone had simply stopped working. Mr K felt this was unfair and that he couldn't have known the exact cause without a professional assessment.

I appreciate Amtrust's point but I think it would be unfair if the claim wasn't reconsidered bearing in mind that Mr K has since provided evidence from someone who seems to be qualified in the area which says that there was liquid damage- which is something that would be covered under the accidental damage section. I therefore think it is fair and reasonable that it reconsiders the claim.

I note that Mr K has been without his phone for some time. He said he has had to borrow other phones which was very inconvenient. Bearing in mind that I think the claim should have been reassessed when Mr K presented his additional evidence, I think Amtrust's refusal to do so would have caused him a certain degree of distress and inconvenience. In the circumstances I think it should pay him £100 compensation.

My final decision

For the reasons above, I have decided to uphold this complaint. Amtrust Europe Limited must reconsider Mr K's claim in line with the policy terms and conditions.

Amtrust Europe Limited must also pay Mr K £100 compensation for the distress and inconvenience it caused him. It must pay the compensation within 28 days of the date on which we tell it Mr K accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If Amtrust Europe Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a tax deduction certificate if he asks for one so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 March 2025.

Anastasia Serdari
Ombudsman