

## **The complaint**

Mr and Mrs D have complained that Aviva Insurance Limited (Aviva) turned down a claim they made on their gadget insurance policy.

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

## **What happened**

In August 2024 Mr and Mrs D made a claim on their gadget policy, which they had through their packaged bank account, after Mr D's mobile phone was stolen. Aviva declined the claim and said this was because the purchase price was over the £1,500 maximum value covered under the policy.

Mr and Mrs D weren't happy about this and complained. They said when they logged Mr D's phone on Aviva's system Mr D wasn't notified that it wouldn't be covered due to its purchase price. They were also unhappy Aviva delayed reviewing the claim and said it kept asking for the same documentation from them.

Aviva reviewed the complaint and said the claim was correctly declined under the policy terms and conditions. It partially upheld Mr and Mrs D's complaint about the delay it caused and offered them £40.

Unhappy with Aviva's response, Mr and Mrs D brought their complaint to our service. They said that the purchase price was only £4 over the £1,500 limit and thought it was unfair that the phone wasn't covered for such a small amount and that Aviva should have applied a £1,500 cap instead. They also said they didn't recall being provided with the policy terms and conditions. Mr and Mrs D also didn't feel that Aviva's actions were in line with the Consumer Duty regulations as it hadn't been open and transparent with them and hadn't acted in good faith. They added that Mr D had to buy a replacement phone for which he wanted to be reimbursed.

Aviva confirmed that the purchase price would not have been requested when Mr and Mrs D registered the phone. It said that they were provided with annual eligibility statements which listed the limit of £1,500 as a key requirement for a claim. Mr and Mrs D were also made aware of changes to the policy before the August 2024 incident.

One of our investigators reviewed the complaint but didn't think it should be upheld. He thought the policy terms were clear that devices purchased for more than £1,500 wouldn't be

covered. He thought Aviva had made Mr and Mrs D aware of this by sending them eligibility statements each year as well as the insurance product information document (IPID).

Mr and Mrs D didn't agree and asked for an ombudsman's decision. They said they were prepared to accept £550 in full and final settlement of the claim, but Aviva didn't agree.

The matter was then passed to me to decide. Before I proceeded with my decision, I asked Aviva to provide evidence that the policy documents including eligibility statements were sent to Mr and Mrs D. Aviva said these would have been sent by their bank. Our investigator contacted the bank who provided copies of the statements which it said were sent to Mr and Mrs D from 2015 onwards. Our investigator forwarded these onto Mr and Mrs D for their information.

### **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'd firstly like to clarify that this decision is about Aviva's actions towards Mr and Mrs D as the underwriter of their gadget policy. As part of this complaint Mr and Mrs D have raised other issues which don't fall within Aviva's responsibilities. For example, they said that they never received any documents regarding their policy which explained that the £1,500 limit applied. The annual statements were sent by their bank so this is something they would have to take up with the bank and not something I can address here. Nevertheless, as I said above, we have been in contact with the bank as part of the investigation carried out for this decision.

Looking at the eligibility statements provided by the bank, Mr and Mrs D have had their gadget cover through their bank since 2015. Though Aviva was the underwriter of the policy in 2024 when the incident happened it seems the previous cover was provided by other underwriters. And this is perhaps why the requirement in relation to the value of phones and gadgets changed over the years. The changes were as follows:

- In 2015 there was cover for gadgets less than five years old with a combined retail value of up to £1,000.
- The maximum £1000 limit also applied in 2016.
- In 2017 the policy covered gadgets up to a combined maximum value of £1,500 (including VAT).
- This requirement changed in 2018 and was replaced with a requirement that a mobile device have a maximum value of up to £1,500 (including VAT).
- This was changed in 2022 with the statements showing that cover was provided for mobile phones and gadgets purchased for a maximum price of £1,500 (including VAT). The bank also provided the IPID it says was sent to Mr and Mrs D in 2022 highlighting the change to the limit.
- In 2023 and 2024 there was a requirement for the device to have been purchased from a "reputable retailer" for a maximum "non-discounted price" of £1,500 (including VAT).

The above is confirmed in the policy wording which applied at the time Mr D made his claim in 2024 which states that devices purchased for more than the maximum non-discounted price of £1,500 (including VAT) are not covered. This is also highlighted in the IPID.

Insurers should give consumers the information they need at the right time and in a way they can understand, without having key information buried in lengthy terms and conditions. And the information should be clear, fair and not misleading. Based on the above I think the IPID and the policy wording set out clearly enough for a consumer to understand that the £1,500 purchase limit applies. So, I think Aviva can fairly and reasonably rely on this term.

Mr D has provided evidence to show that he purchased his phone for £1,504.80 and for this reason Aviva turned the claim down. This was in line with its terms and conditions.

I have also considered whether Aviva rejecting the claim due to the phone being £4 over the limit was fair and reasonable. I have considered this very carefully and have taken into account arguments made by the two parties. On the one hand Mr and Mrs D feel it is unfair for the entire claim to be rejected for £4. On the other hand, Aviva has made a decision to set a limit on the amount it is prepared to cover and this is a commercial decision that it is entitled to make and one I don't think we should interfere with. After weighing up the arguments I have decided that Aviva's decision to reject the claim was fair and reasonable. I say this because if I were to uphold this complaint, I could potentially be interfering with Aviva's commercial decision to set the £1,500 limit. I appreciate that this may seem unfair especially as Mr D's phone was only £4 over the limit but I think if I were to say that Aviva should make an exception for £4 then I would also have to decide at what price it should draw the line. I think this would be interfering with Aviva's commercial discretion.

Mr and Mrs D also said that when they registered the phone on Aviva's online system it wasn't flagged to them that the phone may not be covered due to its purchase price. I have considered this argument but, on balance, I don't think it is a strong enough reason for me to uphold the complaint. I think it would have been helpful if this had been flagged by the system, but I think the fact that this term is in the IPID and the policy wording is sufficient.

As I mentioned above Mr and Mrs D also said that they didn't recall receiving their policy documents or eligibility statements. But as it was their bank's responsibility to provide those they will have to complain to the bank about this.

Mr and Mrs D don't feel that Aviva has been open and transparent with them or that it dealt with them in good faith but, based on what I've seen, I am not persuaded this is the case. I have seen no evidence to suggest Aviva has acted in bad faith and as I said above the policy terms are clear in that this limit is applicable.

I appreciate Mr and Mrs D will be disappointed with my decision. I can see that they feel strongly that Aviva's decision is unfair. But for the reasons I gave above, I don't think that Aviva has acted outside its terms and conditions. I also don't think it would be fair or reasonable for me to ask it to cover a claim the policy wasn't designed to cover.

### **My final decision**

For the reasons above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs D to accept or reject my decision before 19 June 2025.

Anastasia Serdari  
**Ombudsman**