

The complaint

Mr K complains about Starr International (Europe) Limited failing to set up his mobile phone insurance and the problems that has caused him.

What happened

In June 2023 Mr K upgraded his mobile phone through his phone provider (which I'll refer to as T). He says he checked with T several times to make sure the phone was insured, which T confirmed, and T offered £150 compensation for his inconvenience around those calls to set against his phone account.

But in late 2023, when Mr K tried to make a claim for his stolen phone, T told him the phone wasn't insured. He complained to T that it failed to set up the insurance policy but it didn't accept responsibility.

Mr K stopped payments for his phone contract and as a result his account ceased in June 2024 with him owing about £1,500. A debt collection agency has contacted him and he says his credit report will be affected until 2030.

Mr K complained to us that T had failed to set up the agreed insurance cover for the phone and he'd incurred the debt on his phone contract and his negative credit rating as a result.

We saw the insurance policy showed Starr as the insurer so we sent Mr K's complaint to Starr. It said T was acting as its agent for the insurance sale. Starr accepted that T failed to set up the insurance policy Mr K had wanted. Starr offered to:

- Waive any premiums which would have been due if Mr K's insurance policy had been set up as he instructed.
- Pay Mr K the value of the stolen phone.
- Pay Mr K £250 for his distress and inconvenience.

Our Investigator explained the scope of what we could and couldn't consider from Mr K's complaint. She thought Starr's offer was fair and we couldn't say Starr was responsible for non-payment of the phone contract and the negative credit marker applied by T as it was Mr K's responsibility to continue to pay the phone contract to T.

Mr K disagrees and wants an Ombudsman's decision. He says if T had accepted its error in not setting up the policy before the phone contract account closed in June 2024 he would have paid the outstanding contract and wouldn't have a negative credit record or been chased for debt collection. Mr K said he'd offered T the settlement Starr offered him as a final settlement to pay off the phone contract debt and it refused.

Mr K wants Starr to pay £5,000 for all his distress and inconvenience, pay his future phone contract payments and to work with T to remove his negative credit indicator.

Before I made a decision we asked Mr K the specific reason he'd stopped paying the regular payments for the phone contract. He said it was unfair and financially unsustainable for him to continue to pay the contract when he couldn't access the phone service. When his phone was stolen he didn't receive a replacement SIM card which meant he had no access to the phone service he was being charged for. He'd tried hard to resolve the situation in the seven months before the phone account closed but T didn't take responsibility. He'd had no support from T or Starr. Once his insurance claim was agreed he'd expected T to acknowledge its part in the complaint and correct the debt against him but that hadn't happened.

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.

Our Investigator correctly explained that under the Financial Conduct Authority rules we can consider the actions of T, as Starr's agent, in failing to set up the insurance policy. But we can't consider T's actions where it acted as Mr K's phone provider or its actions in recovering unpaid instalments of his phone contract.

Our Investigator gave Mr K details about Citizens Advice for general advice on his rights against T when it's providing Mr K with goods or services that aren't an insurance product. He may also wish to contact the Communications Ombudsman.

Insurers, such as Starr, are required to act honestly, fairly and in accordance with the best interests of its customer.

Starr has agreed that its agent for the insurance sale, T, made a mistake when it failed to set up the policy Mr K wanted when he upgraded his phone. I need to consider if Starr's offer to put things right is fair and reasonable.

If the policy had been set up correctly then Mr K would have paid policy premiums and he would have been covered when his phone was stolen, subject to the policy terms. If the claim had been successful then under the policy terms Starr would have provided a replacement phone and Mr K would have continued with his phone contract with T. So I think Starr's offer to pay Mr K a cash settlement for the stolen phone is fair. Its offer to waive Mr K having to pay the policy premiums puts him in a better position that he would have been if the policy had been set up correctly.

I've thought very carefully about whether the £250 compensation Starr offered for Mr K's distress and inconvenience is a reasonable amount.

I'm sympathetic to the reasons Mr K's given as to why he decided to stop paying his phone contract with T. In summary he didn't think it fair or financially viable to pay for a phone service he couldn't use. It's not clear why T didn't provide Mr K with a replacement SIM that he could have used in the replacement phone he bought. That's a matter I can't consider as it relates to T providing phone services to Mr K. But he may want to follow up on that issue through the organisations I've mentioned above.

Mr K says that if T had accepted its mistake in not setting up the insurance policy before the phone account closed he could have paid off the debt at that stage. I think T, as Starr's agent, should have accepted its mistake sooner than it did. However, Mr K's contractual obligations with T to continue to pay the phone contract are separate to the dispute he had about the insurance policy not being set up. He needed to pay the phone contract even if he didn't have the phone and he decided not to pay.

There's no suggestion that Starr or T acting as its insurance sale agent told Mr K that he didn't need to pay the phone contract. I can't reasonably say Starr was responsible for Mr K deciding not to pay his phone contract.

Mr K's decision not to pay the phone contract has had a negative impact on his credit rating and he's been contacted about debt collection. I don't doubt that's been very stressful for him. But, as I don't think Starr was responsible for Mr K's decision to stop paying the phone contract, I don't think Starr's responsible for the debt collectors chasing him for payment of the phone contract or his negative credit rating.

Mr K had the frustration of dealing with T, as Starr's agent, to try to get his insurance set up for which he says it credited £150 to his phone account. He also had the stress and inconvenience of dealing with T, as Starr's agent, to try to resolve his complaint about its failure to set up the insurance. Starr acknowledges those difficulties and I think £250 compensation is a reasonable amount to acknowledge Mr K's distress and inconvenience about that matter. There's no basis on which I can reasonably say Starr should pay Mr K's future phone contract payments.

Starr made its offer only after Mr K complained to us so I'm upholding the complaint and agreeing that its offer is fair. Starr may have only known about Mr K's complaint after he complained to us but T, its agent for the disputed insurance matter, was aware of Mr K's complaint well before he complained to us.

My final decision

I uphold this complaint and require Starr International (Europe) Limited to do the following, which it has now agreed:

- Waive any premiums which would have been due if Mr K's insurance policy had been set up as he instructed, and
- Pay Mr K the value of the stolen phone, if not already done, and
- Pay Mr K £250 for his distress and inconvenience, if not already done.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 6 August 2025.

Nicola Sisk
Ombudsman