

The complaint

Miss C complains about the way Telefonica Seguros y Reaseguros Compania Aseguradora S.A.U has settled a claim under her mobile phone insurance policy.

Where I refer to Telefonica, this includes the actions of its agents and claims handlers for which it takes responsibility.

What happened

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

- In November 2024, Miss C made a claim under her mobile phone insurance policy because the screen on her iPhone SE third generation handset had cracked.
- Telefonica accepted the claim, and the handset was collected on 15 November 2024.
- A week later, Miss C emailed Telefonica for an update as she hadn't heard anything. She received a response asking her to call the claims team for an update.
- Miss C tried to call but couldn't get through due to the high call volumes. She raised a complaint about this and the lack of communication regarding her claim.
- Telefonica upheld this complaint and offered £150 compensation to put things right.
- Miss C sent a further email on 28 November 2024 requesting an update on her claim and she was again told to call the claims team. After a second email expressing dissatisfaction, she was informed on 2 December 2024 that her handset hadn't been received until 19 November 2025 and was "*stuck in the screening process*" at the assessment centre.
- On the same day, Miss C received an email to say her claim had been approved and that she'll hear in the next 24 hours about when she'll receive a replacement device.
- Miss C queried with Telefonica about the whereabouts of her original handset. She said it was in excellent working order apart from the cracked screen and was only eleven months old. So she was expecting a repair, rather than a replacement.
- Telefonica responded to apologise for the delays in shipping out a replacement device. It said there were unforeseen circumstances at its third-party repair centre. But it didn't address Miss C's specific enquiries, so Miss C sent a further email.
- Further emails were sent between Miss C and Telefonica where Telefonica explained there'd been a workplace incident causing its warehouse to close resulting in further delays. It said it didn't know if Miss C would receive her original handset back as it would be up to its engineers as to whether the device was repairable.

- Miss C received a refurbished replacement device on 16 December 2024. Miss C raised a further complaint. She said Apple staff had confirmed in store that her handset was repairable and even with the cracked screen it was fully functional, so she'd expected it to be repaired.
- Telefonica upheld the complaint and offered a further £100 compensation for the poor customer service it provided during the claim. But it said it can settle a claim under the policy at its discretion, there is no promise of a repair.
- Miss C brought her complaint to our Service. She wants Telefonica to disclose where her original handset is, why its technicians couldn't repair a cracked screen, provide a new in box iPhone SE third generation handset, and reimburse the monthly premiums for her contract whilst she's been without her phone.
- Our Investigator agreed there'd been poor customer service and delays, but he was of the opinion the compensation already offered to Miss C was a fair resolution. He was satisfied Telefonica had settled the claim in line with the policy terms and he didn't think it needed to do anything more.
- Miss C doesn't agree. She says the replacement phone is faulty as it can't retain its charge. It's an older phone, and therefore not a like-for-like replacement of her eleven-month-old handset. She says she's raised this with Telefonica but it's failed to follow this up with her.

As Miss C didn't agree, the complaint has been 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.

I've taken into account all the information provided to me by both Miss C and Telefonica. But I won't comment in detail on every single point that's been made. Instead, I'll focus on the key points that are relevant to the outcome I've reached. That's in line with our remit, which is to resolve complaints promptly and with minimal formality.

The Financial Conduct Authority's (FCA) Insurance Conduct of Business Sourcebook (ICOBS) requires businesses to handle claims promptly and fairly, provide information on the claim's progress, and to not unreasonably reject a claim. I've kept this in mind when considering Miss C's complaint.

Claim settlement

The terms and conditions of Miss C's mobile phone insurance policy give Telefonica the discretion to settle claims by the method it chooses. It says:

"Section A – Cover for Accidental Loss, Theft and Damage

If your equipment is accidentally lost, stolen or damaged anywhere in the world during the term of cover, we will at our discretion either:

a) Repair your equipment

- b) *Replace your equipment with a product of the same or a similar specification, as determined by us. Replacement equipment might be a different colour or model from a different manufacturer. It may be new, re-furbished, re-manufactured or re-packaged by a repair centre approved by us.*"

Telefonica opted to replace Miss C's device with a refurbished handset, which is in line with the policy terms. I haven't seen anything to suggest the replacement wasn't of the same or similar specification, and there is no mention in the policy terms that the replacement will be of similar age.

I appreciate Miss C wanted a repair of her original handset or a brand-new replacement – which are options available to Telefonica under its policy. But the policy gives Telefonica the discretion to choose, not Miss C. And I can't fairly say Telefonica has acted unreasonably here just because it didn't settle the claim in the way Miss C wanted it to.

I've thought about whether Telefonica led Miss C to believe that her device would be repaired. But I haven't identified any promises or unmanaged expectations on Telefonica's part. I'm aware Miss C says she spoke to Apple in store, and they said her phone was repairable. But Apple aren't Miss C's insurer, and their advice isn't indicative of how Telefonica may choose to handle a claim under its policy.

Faulty replacement

Miss C tells us the refurbished replacement handset is faulty as it doesn't retain its charge. As our Investigator has explained, she can raise a claim to Telefonica under the warranty provided.

I appreciate Miss C feels she's already informed Telefonica that the replacement is unacceptable and it hasn't followed this up with her. But I don't agree. The emails to Telefonica say:

"...the replacement device I have received is not acceptable now or at any time in the future. It is a poor substitute for my original iPhone SE...the substandard refurbished handset sent in its place is not guaranteed to be without faults..."

This reads, to me, that Miss C finds it unacceptable she's been provided with a refurbished handset at all. Not that she has an issue with that specific refurbished handset. She's made no mention of it not being able to retain its charge nor has she indicated wanting to make a claim on the warranty. She'll need to contact Telefonica directly should she wish to do so.

Customer service

The service provided by Telefonica during the claim process has been poor. I say this because it:

- failed to meet the time scales it gave to Miss C at various times in the claim journey.
- didn't provide updates to Miss C or progress the claim promptly, and there were delays of several weeks.
- requested Miss C call for an update on her claim, when she'd asked for email contact as she couldn't get through on the phone.
- failed to answer specific questions raised by Miss C and couldn't provide any

clarification on when and how her claim would be settled.

Telefonica acknowledges its service wasn't to the standard it's expected to deliver, and it's offered £250 compensation in total to resolve things.

Compensation isn't intended to fine or punish a business, it's to recognise the impact the business' actions have had on its customer. So when deciding what amount would be fair, I need to consider how Miss C was affected by Telefonica's actions.

It took Telefonica over three weeks from collecting Miss C's phone to providing her with a replacement. From the time frames Telefonica provided, it seems this is at least two weeks longer than it should've taken. And I've no doubt Miss C would've experienced distress and inconvenience during that time as she was without a phone and having to chase for updates. In addition, she would've been frustrated at being told to call when she'd already explained she couldn't and not having her specific questions answered.

Taking everything into account, I'm satisfied £250 compensation is a fair resolution for the impact Miss C experienced over those two weeks. So I'm not asking Telefonica to do anything more.

My final decision

Telefonica Seguros y Reaseguros Compania Aseguradora S.A.U has already made an offer to pay £250 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Telefonica Seguros y Reaseguros Compania Aseguradora S.A.U should pay £250 to Miss C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 10 September 2025.

Sheryl Sibley
Ombudsman