

The complaint

Mr N complains about Astrenska Insurance Limited trading as Collinson Insurance's (Astrenska) offer of settlement for his gadget claim under his travel insurance policy. My references to Astrenska include its claim handling agents.

What happened

Mr N had a single trip travel insurance policy. He took out optional gadget cover, which was insured by Astrenska. During his trip his mobile phone screen was cracked and he claimed on the policy.

Astrenska accepted the claim. When its repairer inspected the phone it said the phone was beyond economical repair (BER). Astrenska's final response letter offered Mr N a cash settlement of £189.06 which it said was based on the live market price for a refurbished replacement phone.

Mr N complained to us that Astrenska's decision was unfair. In summary he said:

- Under the policy terms Astrenska should provide him with a replacement phone not a cash settlement.
- The formula Astrenska used to decide what is BER was if repair cost was 'close, equal to or more than the price of a replacement'. But his reasonable expectation was that the phone could be economically repaired if the cost of repair is cheaper or the same as a replacement. He sent us three quotes for the screen repair; £189 (for both delivery and repair) by the phone's manufacturer, £170, and a 'price promise' quote of £10 less than a UK repairer's quote which would be £160. He said the quotes showed it was cheaper to repair the phone.
- The policy terms say Astrenska would take ownership of his phone if it provided a replacement phone. As a cash settlement isn't the same as a physical replacement of his phone he still owns his phone and he wants it returned.
- He would like to accept Astrenska's offer of the cash settlement of £189.06 on condition that his phone is returned to him. He would repair his own phone which he said would put him back in the same position he was in before the screen cracked. He'd also like compensation for his distress and inconvenience and financial losses as he wouldn't have bought this policy and paid an excess to make a claim if he knew how long it would take to sort out the matter. In the meantime he'd had to buy a temporary phone.

Our Investigator said Astrenska's offer of settlement was fair.

Mr N disagrees and wants an Ombudsman's decision. He said his main disagreement is that a cash settlement doesn't give Astrenska the right to keep his original phone.

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 read and considered all Mr N's submissions which I've only summarised above. I won't address all his points in my findings. I'll focus on the reasons why I've made my decision and the key points which I think are relevant to the outcome of this complaint.

The relevant regulator's rules say that insurers must handle claims promptly and fairly and they mustn't turn down (or settle) claims unreasonably.

The policy says:

'We will arrange a repair if your gadget is damaged as the result of an accident or malicious damage whilst on your trip. If your gadget cannot be economically repaired, it will be replaced'.

And:

'If the gadget cannot be replaced with an identical gadget of the same age and condition, we will replace it with one of comparable specification or the equivalent value taking into account the age and condition of the original gadget'.

As our Investigator explained, an insurer appoints repairers that they're satisfied will complete lasting and effective repairs. I think Astrenska could reasonably rely on its repairer's costs to decide whether Mr N's phone was BER or not, although we'd expect those costs to be in the range of the market average.

Astrenska's final response letter to Mr N said the average cost of a refurbished replacement for his phone was around £175 to £189, which Mr N hasn't disputed. Mr N's three repair quotes average a repair cost of £173. Astrenska's repair costs may be higher but even using the repair costs Mr N's provided I think it was reasonable for Astrenska to consider the phone as BER. I think Astrenska can reasonably consider BER to mean the cost of repair is close, equal to or more than the price of a replacement when assessing mobile phone insurance claims.

Astrenska's suppliers didn't have a refurbished replacement for Mr N and in those circumstances we'd expect Astrenska to make a cash settlement offer, as it's done. The amount offered, £189.06, was at the top end of the live market price for a refurbished replacement of Mr N's phone, so the cash amount was reasonable. I know Mr N would have preferred a replacement but Astrenska has acted fairly in making the cash settlement offer.

The policy also says:

'If we replace your gadget(s) the damaged or lost item becomes our property'.

Mr N says that under that policy term even if Astrenska pays him a cash settlement his original phone shouldn't become Astrenska's property because it's not replaced his phone. But Astrenska's offer of a cash settlement is the reasonable alternative because it wasn't able to replace the phone. So I'm satisfied that it's offer of a cash settlement can reasonably be on the basis that Mr N's original phone becomes its property. Overall I think Astrenska's offer of a cash settlement with it retaining Mr N's phone was a reasonable offer to settle Mr N's claim.

Our Investigator set out in his correspondence the timeline for Mr N's claim and complaint to Astrenska. I don't think there were any material avoidable delays in Astrenska progressing the claim or issuing its final response letter to his complaint. I'm satisfied that Astrenska has given Mr N fair service and there's no basis for me to award compensation to Mr N.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 18 August 2025.

Nicola Sisk
Ombudsman