

## The complaint

Miss B is unhappy with what Bastion Insurance Company Limited did after she made a claim on her mobile phone insurance policy.

## What happened

Miss B took out mobile phone insurance with Bastion in April 2023. Following the theft of her phone in February 2024 she claimed on her policy. Bastion accepted the claim but said as Miss B hadn't completed the validation requirements for her phone then, in line with the policy terms, it would only pay up to the reduced indemnity limit of £75. Alternatively, Miss B could withdraw her claim and it would refund the £150 policy excess she'd already paid. Miss B said the validation requirements hadn't been made clear to her when she took the policy out and Bastion should have reminded her of the need to do so. And she'd lost out on a significant amount given her phone cost over £1,000.

Our investigator thought Bastion had made the validation requirements clear in the information it was responsible for. And it was reasonable a policyholder needed to do that. However, he thought non-compliance with the validation condition meant Miss B could never have made a valid claim. So there was no risk to Bastion of her being insured. He said it should refund the premiums Miss B paid for her policy together with the policy excess.

Bastion said Miss B could have made a valid claim and highlighted various repairs that would have been covered by the £75 indemnity limit. It didn't accept a refund of premiums was appropriate but did agree to refund the excess Miss B had paid (as it had already offered to do). Miss B drew attention to the length of time this matter was taking to reach a resolution. So I need to reach a final decision.

## 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.

The relevant rules and industry guidelines say Bastion has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

I've looked first at the policy terms. They say within seven days of cover starting the policyholder must provide a number of things. That includes "*photographic evidence that Your Gadget(s) are in a good and operational state*". For a mobile phone a policyholder also needs to supply "*a photograph of Your IMEI number clearly displayed on Your mobile phone*".

The terms go on to say that *“Should You fail to validate correctly within the time scales provided, You may validate with us at any point during the policy period, but prior to a claim being made. Please note that should You validate Your Gadget outside of the initial 7 day period, Your 14 day exclusion period to lodge a claim will reset once validation has occurred. Should You fail to validate prior to Your claim being raised, please note that Your indemnity limit will be reduced to £75 prior to the deduction of Your Excess.”*

I think those validation requirements are reasonable in themselves as it enables Bastion to establish a phone is in good condition and that the phone claimed for is the one insured under the policy. And while Miss B says those requirements weren't made clear to her when the policy was taken out the Insurance Product Information Document (IPID) which Bastion is responsible for producing says *“Within 7 days of your policy starting you must provide us with photographic evidence that your gadget is in a good and operational state”*.

I can also see that as part of the sales process Miss B would have been told *“you must complete the gadget validation process within 7 days of purchase or before a claim is made, whichever comes first”*. Miss B was also reminded of the need to do that in an email sent after the policy was taken out. I think that information would have made clear to Miss B what she needed to do. And it's not in dispute she didn't do that. So Bastion has acted in line with the policy terms in reducing the indemnity limit for the claim she subsequently made to £75.

However, I also need to think about what's fair and reasonable in all of the circumstances. In doing so I've taken into account that the Financial Conduct Authority's 'Consumer Duty' requires (amongst other things) that a business ensures its products provide fair value to retail customers in the target markets for those products. I understand the FCA's view is that means the price a customer pays for a product is reasonable compared to the overall benefits the customer gets from the product. In addition, firms must act to deliver good outcomes for their customers, meeting customers' needs throughout their relationship so they can make maximum use of the benefits of the product.

In this case Bastion has drawn attention to various repairs that could be carried out to a phone within the £75 indemnity limit and says a valid claim could be made on the policy. That may be so but Miss B's excess was £150 and her policy says that's payable per claim made. So even where she had a valid claim on the policy she could never derive any benefit from it because the maximum she could receive for a claim was less than the excess she'd need to pay. I think that means she was effectively paying for cover that could never have been of benefit to her and there was no transfer of risk to Bastion.

In fact if Miss B had progressed her claim then, given the policy excess, there would be a benefit to Bastion of at least £75. And while Bastion has offered to refund the policy excess that still puts Miss B in a position where her best case scenario is to have paid the premiums for the policy but not be able to derive benefit from it. I don't think that leads to a good or fair outcome for her.

However, while Miss B may feel Bastion should cover the cost of her phone, I don't think that's the right outcome. The validation requirements in the policy are reasonable and I think they were made clear to Miss B. And she hasn't met them. But as she was paying for cover where there was no genuine transfer of risk I think it's right Bastion should refund the premiums she paid for this policy in addition to refunding her excess.

### **Putting things right**

Bastion will need to refund the premiums Miss B paid for her policy in addition to refunding the excess for her claim as it's already agreed to do. If Bastion has already paid Miss B the £75 claim value it will be entitled to deduct that from the excess refund.

### **My final decision**

I've decided to uphold this complaint. Bastion Insurance Company Limited will need to put things right by doing what I've said in this decision

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 21 July 2025.

James Park  
**Ombudsman**