

The complaint

Mr P complains about the replacement smartwatch provided by Telefonica Seguros y Reaseguros Compania Aseguradora S.A.U. trading as Telefonica Insurance UK Branch when he made a claim on his gadget insurance policy.

What happened

Mr P made a claim on his policy after he lost his smartwatch. Telefonica accepted the claim but Mr P wasn't happy with the replacement watch sent to him. He said his smartwatch had had a titanium finish and the replacement was black, so it wasn't compatible. He asked for a like-for-like replacement but Telefonica said the policy didn't provide this.

Our investigator said the claim had been dealt with fairly and Mr P wasn't entitled under the policy terms to insist on an exact replacement.

Mr P disagrees and has requested an ombudsman's 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 industry rules and guidance say insurers must deal with claims promptly and fairly, and not unreasonably reject a claim. They should settle claims promptly once settlement terms are agreed.

The starting point when deciding whether the claim was declined fairly is the policy terms; these set out the terms of the insurance contract between Mr P and Telefonica. Insurance is always subject to terms and conditions that limit the insurer's liabilities to its policyholders.

In this case, the policy provides cover for a lost gadget. The relevant term sets out what Mr P can expect if he makes a claim:

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; or

(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...

So it's clear from the policy terms that a replacement gadget might not be new, and may be a different colour or model. What Mr P can expect is to receive a replacement that is "of the same or a similar specification..."

Terms like this are not unusual in these policies. Unless the policy terms say otherwise, we don't generally consider an insurer is obliged to provide an exact replacement. And the

terms of this policy specifically say a replacement may be a different colour or model, or from a different manufacturer.

Mr P has provided information showing the titanium and black titanium models are listed separately and says this shows they are not the same. But this is referring to the 'finish' – in other words, the colour.

Telefonica wasn't able to source an exact replacement. What it provided was in fact a newer version. The two models are made from the same material. They use the same software and operating system, but the version provided to Mr P has some small upgrades, including a faster processor. The replacement is of the same or similar specification, as required.

For these reasons, I'm satisfied the way Telefonica dealt with the claim was in line with the policy terms and was fair.

Mr P has explained that the finish is important for him; he had a separate strap that matched the natural finish of his old smartwatch. I appreciate it's upsetting for him not to have the same colour, but the policy doesn't guarantee that for him.

My final decision

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 March 2026.

Peter Whiteley
Ombudsman