

The complaint

Mr I complains that Aviva Insurance Limited declined his mobile phone claim under his 'Tech Pack' insurance and about its service. My references to Aviva include its agents.

What happened

Mr I took out a 'Tech Pack' policy through his bank account in December 2021. On 9 January 2025 he claimed on the policy for his stolen mobile phone.

Aviva asked Mr I for information about the price of the phone and then declined the claim. It said the non-discounted purchase price for the phone was over £1,500 so under the policy terms the phone wasn't covered.

Mr I complained to Aviva about the decline and its delay in processing his claim. Aviva didn't change its mind about the claim and said it hadn't caused an unnecessary delay. Its claims team had contacted Mr I within two working days of the claim being made but it wasn't a good time for him to discuss. It had asked Mr I to call back at a more convenient time for him, which was a reasonable request.

Mr I complained to us. In summary he said:

- The invoice for his mobile phone showed he'd paid £1,096.65 for the phone, which is below the £1,500 limit. Aviva had unfairly rejected his claim based on the recommended retail price (RRP) of £1,549 which was the original price of the phone before discounts or promotions. The RRP wasn't the price he paid for the phone.
- The policy doesn't mention the RRP is used to determine the price of the phone.
- When he registered the mobile phone on line for insurance Aviva hadn't told him the phone wasn't eligible for cover because of its price. It had continued to accept his premium payments which led him to believe his phone was covered.
- After submitting his claim he faced 'significant delays' and 'poor customer service' from Aviva. When it told him to call back he'd tried calling Aviva multiple times but there were very long on hold times.
- He wants Aviva to accept the claim. He detailed how the rejection of his claim and Aviva's delays had been distressing and stressful for him.

Ultimately our Investigator said Aviva had fairly declined the claim. He didn't comment on Mr I's complaint about Aviva's service.

Mr I disagreed and wanted an Ombudsman's decision. In summary he added:

- The policy isn't clear that his student discount or promotional pricing wasn't taken into account when pricing the phone for eligibility. The price he paid for the phone wasn't a hidden or unique offer. He bought the phone directly from the phone manufacturer

who promotes student pricing publicly and for ‘a huge portion of customers’ that’s the standard price, not a discount.

- If Aviva had been clear about how it valued the phone he wouldn’t have bought the policy in the first place.
- If Aviva doesn’t ask for or verify the value of the phone at registration for cover it was unfair for Aviva to later use the phone’s price to decline the claim.

What I provisionally decided – and why

I made a provisional decision because I was intending to not uphold the part of Mr I’s complaint about his claim but for a different reason than our Investigator gave and I also considered the part of Mr I’s complaint about Aviva Insurance Limited’s service. The provisional decision gave both parties the opportunity to make comments before I made my final decision. I said:

‘I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

The relevant regulator’s rules say that insurers must handle claims promptly and fairly and they mustn’t turn down claims unreasonably.

I have to decide if Aviva reasonably declined Mr I’s claim and handled his claim promptly and fairly.

In the correspondence between Mr I and our Investigator they’ve focused on the following policy term when considering the price on which Aviva should fairly assess the claim.

‘What’s Covered by the Policy...

- *Your Device is insured for the value that You purchased Your Device, subject to a maximum non-discounted price of £1,500 (including VAT), which You can evidence with a receipt’.*

Mr I considers the wording means the phone *‘is insured for the value that You purchased it’*. But I can’t reasonably ignore that policy wording continues with *‘subject to a maximum non-discounted price of £1,500 (including VAT)’*.

Even if I thought the above policy wording wasn’t clear that the policy only covered phones purchased for a maximum non-discounted price of £1,500 (including VAT) there is other policy wording Aviva can reasonably consider needs to be taken into account.

Page one of the policy details a *‘Mobile Phone and Gadget Insurance – What We Cover Summary Table’*. The information includes the definition of a mobile phone as:

‘A Device which is designed to make and receive calls with a screen size of 7 inches or less (measured diagonally). You can register up to 4 Mobile Phones, each purchased from a Reputable Retailer for a maximum non-discounted price of £1,500 (including VAT), which You can evidence with a receipt’.

Later in the policy document the policy definitions define ‘mobile phone’ as above.

I'm satisfied that the definition of mobile phone, which is highlighted in the summary table of cover, is clear enough that the policy only covers phones purchased for a maximum non-discounted price of £1,500 (including VAT).

I've considered all the evidence Mr I and Aviva have provided about the price of the mobile phone when he bought it in January 2024. That includes, but isn't limited to, the order details from the phone manufacturer to Mr I which says the price of the phone was '*Was £1,549.00 now £1,096.65*'. I'm satisfied Aviva reasonably understood that when Mr I bought the phone the non-discounted price for the phone was £1,549 which is more than the '*maximum non-discounted price of £1,500 (including VAT)*'. That means Mr I's mobile phone wasn't eligible for cover under the terms of the policy and Aviva correctly declined the claim under the policy terms.

I also need to consider what's fair and reasonable in all the circumstances of this complaint.

Mr I was able to buy the mobile phone at the discounted price because of student discount through the phone manufacturer and I've considered his comment about that point. There's no evidence to support Mr I's suggestion that for a 'huge portion of customers' the student or promotion discount is the standard price, not a discounted price. Even if Mr I was correct, I don't think he could reasonably read into the policy definition of mobile phone that the price discount he got because he was a student didn't matter. The policy is clear that for a phone to be insurable under the policy it has to be bought for a maximum non-discounted price of £1,500 (including VAT). As the non-discounted price of Mr I's phone, for whatever reason, was over £1,500 (including VAT) it wasn't eligible to be insured under the policy.

Aviva has confirmed that when Mr I registered the mobile phone against the policy he wasn't required to put in the phone's purchase price. Mr I says that means Aviva can't fairly rely on the non-discounted price to decline his claim. But Aviva says he needed to read the policy to confirm the phone was coverable under the policy before he registered it. As I've said above I think the policy summary cover is clear about a phone's eligibility price. Mr I had the policy for other mobile phones before he registered this phone against the policy so he had the policy terms.

Mr I says he wouldn't have taken out this policy if he'd known this mobile phone wasn't eligible for cover. But he took out the policy in December 2021 and only registered this phone on the policy on 13 February 2024. So he hadn't just taken out the policy intending to cover this mobile phone.

Overall I think it was fair and reasonable for Aviva to decline the claim.

As this mobile phone wasn't insurable under the policy Aviva hasn't had any risk of a claim being met for this phone. I've considered whether Aviva should refund Mr I any of the premiums he paid from the time he registered this mobile phone on the policy. On the information I have I don't think I can fairly tell Aviva to make a refund. The policy provides cover for unlimited gadgets and up to four mobile phones. Aviva says, and has evidenced, that Mr I had made successful claims for other devices on the policy. So, on the information I currently have, he wasn't paying the insurance premiums without having any cover available.

However, if Mr I can provide evidence that from the time he registered this mobile phone it was the only device insured on the policy I'm likely to say Aviva should refund the premium from the date of this phone's registration until the date another device was insured on the policy. That's because Aviva wouldn't have had any risk during that period. If Aviva has any comments on this point it should provide them in its response to this provisional decision.

As to Aviva's service, Mr I has sent me a phone record showing a list of dates and times for his calls to and from Aviva. It called him on 13 January 2025 so four days after his claim and as he wasn't able to discuss it told him to call back. The record shows Mr I made three calls to Aviva on 14 January 2025, he appears to have been on hold for a couple of hours in total. Aviva's records show he also contacted its webchat on 14 January and a manual callback escalation was raised.

On 15 and 16 January Mr I's phone record shows he made outgoing calls to Aviva appearing to be on hold for another couple of hours in total. He also contacted Aviva's webchat again and had been told the timescales for its call back to him was within three working days. So at that point Aviva had managed his expectations.

When on 16 January Aviva called Mr I he wasn't available to discuss the matter in full, but it was able to ask him to provide the price for the mobile phone without the discount and provide a crime reference number. Once Mr I provided the full information Aviva made its final assessment, rejected the claim and responded to his complaint by 31 January 2025, so within about three weeks after he'd made the claim. While I appreciate Mr I had some long on hold calls trying to contact to Aviva, it had managed his expectations about when it would call back and it did so within the given timescale. I don't think Aviva unreasonably delayed in assessing the claim.

Overall I don't think Aviva gave Mr I unfair service'.

Responses to my provisional decision

Aviva said, in summary:

- The bank took the premium for the policy and Aviva isn't responsible for any refund of premiums.
- Mr I currently has three other devices registered on the policy (which it listed) in addition to the claimed for mobile phone. He has registered devices after this case was raised as the policy is still active.
- Having a device registered doesn't mean those devices are the only ones with cover available, nor does it guarantee what is registered is covered by the policy. Mr I only needs to register a device at the time of making a claim. If he has other devices not registered the opportunity for cover is there without registration if the device meets the policy terms.
- Mr I has previously had eight other devices registered on the policy (which it listed with purchase, registration and removal dates).
- Mr I wasn't paying premiums for the policy without having any cover available. It wouldn't be fair for him to receive a premium refund.

Mr I initially said, in summary:

- The policy wording linked cover to the price he paid for the phone. The policy didn't define discounted price as the RRP. Aviva has given a later interpretation which is against Financial Conduct Authority (FCA) rules requiring clear, fair and not misleading policy terms. Ambiguous policy wording should be read in the consumer's favour and my provisional decision didn't do so.

- Aviva didn't ask for the purchase price of the phone when registering it on the policy but it accepting registration and premiums gave him a reasonable expectation of cover. Aviva refusing cover on the RRP which wasn't checked at registration is unfair and contrary to the FCA's 'Principles for Business' and Consumer Duty.
- I'd said the purchase price of the phone was at a discount but he disagreed. To him and many others buying the phone through the phone manufacturer's student and employee standard promotion the non-discounted price was what he actually paid for the phone. My provisional decision punished customers for using those sale channels.
- He used Aviva's webchat only to request call backs which weren't done in a reasonable time. He spent several hours over several days on hold to Aviva. It only progressed matters after he repeatedly chased. Delays caused by Aviva's failure to return requested callbacks can't be excused by its internal three day target.
- I've said no premium refund is due if he had other devices covered. But his point is that Aviva charged for cover of this phone, refused to accept a claim for it and it would never cover the phone. That was unfair value under the FCA's Consumer Duty and may be contrary to the Consumer Rights Act 2015.

We sent Mr I a copy of Aviva's response to my provisional decision and told him that based on this new evidence I wouldn't be asking Aviva to refund any premium. He provided a further response, in summary he added:

- Under the FCA's Consumer Duty Aviva doesn't stop being accountable even though the bank collected the premiums.
- Value of a policy can't be measured by looking to see if other devices are registered on the policy - value must be assessed in relation to each product a consumer registers.
- Aviva shouldn't invite customers to register devices and accept premiums if it then doesn't cover the device using an undefined policy term. That gives a misleading impression of cover, contrary to the FCA's requirements and could also amount to a misleading commercial practice under the Consumer Protection from Unfair Trading Regulations 2008.
- If his complaint isn't upheld then insurers can accept premiums for risks they have no intention of covering contrary to the Consumer Duty. If I didn't give him fair redress he'll have no choice but to consider contacting the FCA and if necessary pursuing court action under the Consumer Rights Act 2015.

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 considered all the points Mr I has made but I won't address all his points in my findings, nor am I obliged to. 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.

I've considered the parties' responses to my provisional decision and all the evidence and I'm still satisfied that it was fair and reasonable for Aviva to decline the claim and it didn't

give Mr I unfair service. Aviva doesn't need to refund any premium to Mr I. I'll explain why.

Mr I's referred to FCA principles and regulatory requirements, legislation and regulations in his response to my provisional decision. It's for the court to decide if a business has acted contrary to the law. But in considering what's fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time.

As I set out in my provisional decision, the regulator's (the FCA) rules say that insurers must handle claims promptly and fairly and they mustn't turn down claims unreasonably.

Mr I has repeated many of his original points in his response to my provisional decision and I'm still not persuaded by the points he makes. For the avoidance of doubt:

Mr I says the policy terms don't refer to the RRP but I don't think they need to. For the reasons I've given in my provisional decision I'm satisfied that overall the policy wording is clear enough that the policy only covers phones purchased for a maximum non-discounted price of £1,500 (including VAT).

I don't think Aviva acted unfairly by not asking for the purchase price of the phone when Mr I registered the phone on the policy but not accepting the claim due to the purchase price of the phone. The policy documents, which Mr I had access to, are clear that the policy only covers phones purchased for a maximum non-discounted price of £1,500 (including VAT). I don't think Aviva created an expectation of cover when it was clear about the phone it would cover and Mr I's phone didn't meet the policy requirement.

I've set out in my provisional decision why I'm satisfied Mr I did buy his phone at a discount price and why Aviva reasonably understood that when Mr I bought the phone the non-discounted price for the phone was £1,549, and so outside the policy cover. I've also set out why he couldn't reasonably read into the policy definition of mobile phone that the price discount he got because he was a student didn't matter.

I've acknowledged that Mr I's phone records show he had some long on hold calls trying to contact Aviva. But I've set out in my provisional decision why I'm satisfied that Aviva's service to him wasn't unfair and I don't think Aviva unreasonably delayed in assessing the claim.

As to the potential premium refund Aviva says the bank, not it, would be responsible for any refund. I don't need to make a decision about which business would be responsible for making a refund as I'm satisfied there's no basis for Mr I to receive a premium refund. It's clear from the information Aviva provided that Mr I has had many other devices registered on this policy and continues to do so.

Mr I says even if he has other devices registered on the policy Aviva charged a premium for this phone which it would never cover, because of the price of the phone, so the policy isn't fair value. I understand that the premium for the policy is for cover for four mobile phones and unlimited gadgets owned by Mr I and his family, subject to the policy terms, at any one time. The premium isn't priced per item insured. I'm satisfied from the evidence provided that Mr I has had the benefit of cover for many phones/devices under this policy. Cover is subject to the policy terms and just because Mr I's claim for this phone isn't covered doesn't mean that premiums for this policy should be refunded to him.

I've seen no evidence that Aviva acted contrary to the FCA principles and Consumer Duty regulatory requirements nor contrary to consumer protection regulations or legislation. Mr I

says he will consider contacting the FCA and take court action against Aviva. If he rejects my decision then it's not binding on the parties and he may be able to take court action against Aviva if he wishes to.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 16 October 2025.

Nicola Sisk
Ombudsman