

The complaint

Mr M has complained about how Great Lakes Insurance UK Limited (Great Lakes) settled a claim under his mobile phone policy.

References to Great Lakes include companies acting on its behalf.

What happened

Mr M made a claim for his laptop. At Great Lakes' request, Mr M provided an inspection report for the laptop. The report said the laptop could be repaired at a cost of £589. Great Lakes said it would pay a cash settlement to settle the claim.

Mr M also made a claim for his mobile phone. He provided Great Lakes with a repair quote for £309. Great Lakes said a like for like replacement phone could be purchased for £119.99. So, it offered a cash settlement for this amount.

Mr M complained. He said the cash settlements offered didn't allow him to buy appropriate replacements. The laptop and mobile phone had been bought a few years ago and the settlement should allow him to buy the equivalent new devices. When Great Lakes replied, it said the settlement mobile phone was based on the current market value of a refurbished device of the same make and model. It said it wasn't a new for old policy. It said the repair quote for the laptop confirmed the repair amount. This allowed the device to be repaired and put Mr M back in the position he was in before the incident/ breakdown. It said the settlements offered put Mr M back in the position he was in before the loss, which was what it was obligated to do.

When Mr M complained to this Service, our Investigator didn't uphold the complaint. He said the policy terms said replacements wouldn't be brand new and that it wasn't a new for old policy. He said the settlements offered were in line with the laptop repair quote and the cost of buying a replacement phone of the same specification. He said the claim settlements offered were fair.

As Mr M didn't agree, the complaint was referred to me.

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.

Having done so, I don't uphold this complaint. I will explain why.

The regulator's principles say that firms must act in the best interests of their customers and treat them fairly. So, I've kept this in mind when considering this complaint.

The policy terms and conditions said:

"Breakdown

We will repair or replace your gadget if it suffers breakdown, providing the gadget is returned to us. Please note that this cover only applies if the breakdown occurs outside the manufacturer's warranty period and would have been covered under this."

And:

"Limit of Liability

Our liability, in respect of any one claim, will be limited to:

The replacement cost of each gadget being claimed for and, in any event, shall not exceed the maximum liability for each gadget as shown on your Schedule of Insurance or the current market value of each gadget, whichever is lowest."

And:

"In the event that your claim is authorised, and your gadget is deemed beyond economical repair and will therefore have to be replaced, we will endeavour to replace it with a gadget of an identical specification or the equivalent value taking into account the age and condition of the gadget. Where we replace the gadget(s), the replacements may be pre-owned, refurbished or remanufactured (not brand new). This is not a new for old insurance policy. (Gift cards or vouchers may be used as an alternative method of claims settlement at our full discretion)."

So, the policy explains that it will repair or replace a gadget and the limit of liability is the replacement cost of each item. It also explains that replacements might be pre-owned, refurbished or manufactured and that it isn't a new for old policy. The settlement also won't exceed the current market value of the device. I don't think any of this is unusual for this type of policy and I think it was clearly explained. I'm also mindful that this is a policy of indemnity, which means Great Lakes needed to put Mr M back in the same position as he was in immediately before the incidents that led to the claims.

Mr M has said Great Lakes should settle the claim in a way that provided him with the new and up-to-date equivalent devices now made by the manufacturer. He said the manufacturer would soon stop providing updates for his devices. He also said he had bought the laptop to run particular software, but the manufacturer had confirmed it was no longer optimised for his laptop. However, these issues aren't what the policy said it covered or the basis on which it said it would settle claims. It is a like for like policy. This meant Great Lakes needed to settle the claim in a way that provided him with a repaired or replacement device that was the same or equivalent to the one insured under the policy.

Great Lakes offered a cash settlement for the amount it would cost to repair the laptop. Looking at the quote, it was from the device manufacturer. So, I think this showed it was fair for Great Lakes to decide the laptop could be repaired and that this was what it would cost Mr M to arrange it. The repair would put Mr M back in the position he was in before the claim. This remains the case even though Mr M is concerned that the manufacturer will soon stop providing updates for his device.

For the phone, Mr M provided a quote for the repair, but Great Lakes found a replacement phone could be purchased for less than that amount. I've also had a look online and I'm satisfied that Mr M could buy a phone of the same make, model and storage capacity for the cash settlement offered. So, I think what Great Lakes offered was fair.

As a result, I don't uphold this complaint or require Great Lakes to do anything else in relation to it.

My final decision

For the reasons I have given, it is my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 December 2025.

Louise O'Sullivan
Ombudsman