

The complaint

Ms H is unhappy with how Assurant General Insurance Limited (Assurant) settled her mobile phone claim.

What happened

Ms H has a mobile phone insurance policy alongside her bank current account. The policy provides cover for loss, theft, damage and breakdown and is underwritten by Assurant.

On 13 July 2025, Ms H submitted a claim for accidental damage to her mobile phone. The claim was accepted and Ms H sent the phone to Assurant for repair.

On 17 July 2025, Assurant assessed the damage but found it was beyond economical repair, and a replacement was out of stock. So, it decided to make a cash settlement. Assurant tried contacting Ms H but as she couldn't be reached, Assurant settled the claim and sent Ms H the payment.

Ms H was unhappy the payment was sent to her without her agreement and made a complaint. Assurant maintained its position and said the offer was fair and in line with the market value. It said a replacement phone can be found on online shops with a higher memory for less than the amount settled.

Ms H brought her complaint to this service. Our investigator upheld the complaint. He thought Assurant had acted outside the policy terms and conditions by sending Ms H the settlement without giving her the choice on how she wanted the claim to be settled. He also said Assurant should not have disposed of the damaged phone. He recommended Assurant pay Ms H £175 compensation for the distress and inconvenience caused to her.

Assurant disagreed and asked for the complaint to be referred to an ombudsman. So, it's been passed 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.

At the outset, it's important to point out that we're an informal dispute resolution service, set up as a free alternative to the courts for consumers. In deciding this complaint I've focused on what I consider to be the heart of the matter rather than commenting on every issue or point made in turn. This isn't intended as a discourtesy to Ms H. Rather it reflects the informal nature of our service, its remit and my role in it.

The insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS').

ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly. I've taken these rules into account when looking at this complaint.

I've started by looking at the relevant terms and conditions of Ms H's policy with Assurant.

On page 100 of the policy document, under the section '*Benefits you receive*', it states:

'If your mobile phone is damaged or breaks down, we will either:

- (1) repair the mobile phone (where possible) or*
- (2) replace it with a mobile phone of the same make, model and memory size. If we cannot do this, you will be given a choice of models with an equivalent specification.'*

On page 106, '*What you need to know about the claims process*', it says:

'If we are unable to replace your phone with the same make and model, we will contact you to discuss an alternative claim settlement.'

It's clear from the policy terms above that Assurant says if a replacement mobile phone cannot be provided, then the policyholder will be given a choice of models with an equivalent specification or an alternative claim settlement will be discussed.

Having considered what happened, I can't see that Assurant provided Ms H with a choice of options available or discussed settlement. I understand it attempted to contact Ms H on the one occasion but then it sent a cash settlement payment to her. Ms H said she wasn't given the opportunity to consider the proposed settlement but was instead sent the payment. She said she would have been happy to wait for any replacement parts had Assurant informed her. But she was forced instead to buy a phone without being given her options.

I'm not persuaded this is in line with the above terms and conditions or that Ms H has been treated fairly. Whilst I understand Assurant wanted to avoid delays in the settlement, I would have expected Assurant to try calling her again and to contact her by email. This would have been more in line with the policy terms and would have provided better customer service.

On page 106, under the section '*What you need to know about the claims process*', it states:

'Damaged mobile phones and accessories, parts and materials replaced by us shall become the property of the insurer.'

Ms H says she wanted her phone to be returned to her. But I think it's clear from the above that any damaged phones would become the property of the insurer. That's not unusual in policies such as these. So, I wouldn't expect Ms H's damaged phone to have been returned to her as well as her receiving a replacement phone or a cash settlement. I don't think therefore Assurant acted unfairly or unreasonably by not returning the damaged phone to her. But I've considered that Ms H was never provided with the options and she may have wanted her phone returned rather than repaired or having a cash settlement. And the issue here again is that this wasn't discussed with her.

I note Ms H has shown she purchased a replacement phone and paid more than the amount she received from Assurant. I've considered this but I also note that Assurant has provided examples of phones with the same make and model and a higher memory than hers. The price of these phones was less than the amount Assurant paid to Ms H for the damaged phone. I'm not persuaded therefore that it's fair or reasonable for Assurant to pay a further £200 to make up for the price of the new phone Ms H purchased. And whilst Ms H would

have received a one-year warranty if the phone had been repaired by Assurant, it's not uncommon for suppliers to provide this type of warranty even when a refurbished phone has been purchased separately. So, I'm not persuaded Ms H has lost out in this instance.

Assurant said it had no replacement phone in stock and similar specification alternatives were also not available. Whilst I appreciate this, the point is that it hadn't discussed these options with Ms H and whilst I understand this could have potentially caused a delay in settling the claim, I don't think this was in line with the policy terms and conditions. I don't consider that contacting Ms H once by telephone was sufficient here.

Overall, taking everything into account, I think the key issue here is that Assurant didn't discuss the options with Ms H before it decided to send a cash settlement to her. This had an impact on Ms H which caused her distress and inconvenience. I'm not persuaded that Assurant acted in line with the policy terms and conditions or that it was fair in the circumstances of this complaint. I think therefore Assurant should pay Ms H £175 compensation in recognition of this as this limited her choice considerably.

Putting things right

For the reasons given above, I direct Assurant to pay Ms H £175 compensation for the distress and inconvenience it caused her.

My final decision

For the reasons given above, I uphold Ms H's complaint about Assurant General Insurance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 10 March 2026.

Nimisha Radia
Ombudsman