

## The complaint

Mr B has complained that Nationwide Building Society (“Nationwide”) mis-sold him a fee-paying Flex Plus packaged account.

Mr B has also complained that Nationwide didn’t look into his complaint for a long time after he first raised his concerns with Nationwide.

## What happened

Mr B made a claim on the mobile phone insurance provided by his Flex Plus account. However, after the insurer carried out a repair to the screen on his phone, the screen still did not fully work. I understand this was because, in part, the insurer used unbranded parts to repair the screen.

Mr B raised a complaint against the insurer and then referred that complaint to this service. An ombudsman concluded that, had the insurer made it clear during the claims process that it may repair the phone with unbranded parts, Mr B may not have gone ahead with the claim. To put things right, the ombudsman said the insurer should pay Mr B £369 to cover the cost for the manufacturer to repair the screen on his phone. But the ombudsman felt it was fair to deduct £100 from this amount to account for the possibility that Mr B may not have got round to getting the screen repaired again.

In addition to complaining about the insurer, Mr B complained to Nationwide saying that it had mis-sold the Flex Plus account to him because it didn’t make him aware of the term that said the insurer could use unbranded parts to repair a phone.

Nationwide didn’t uphold Mr B’s complaint. After Mr B referred his complaint to this service, one of our investigators assessed the complaint, but they didn’t uphold it either. As Mr B didn’t accept the investigator’s conclusions, the matter was referred for an ombudsman’s decision.

I issued a provisional decision on 16 January 2026, explaining why I was minded to partially uphold the complaint. I have included an extract of my provisional decision below and it forms a part of this decision.

### ***“What I’ve provisionally 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.*

*We’ve explained our approach to complaints about packaged accounts on our website and I’ve used that to help me decide this complaint. I’ve also taken into account what Mr B has said about Nationwide’s handling of matters – namely it continuing to refer his concerns back to the insurer, when he also wanted to complain about Nationwide’s involvement in this matter. I’m currently minded to partly uphold this complaint. I will explain why.*

*Mr B says that the Flex Plus packaged account was mis-sold specifically because, the term that says that the mobile phone insurer can use rebranded parts, was not made clear to him. Looking at the point-of-sale information that would've been presented to Mr B when he applied for the Flex Plus account online, I can see that it was made clear that claims for lost or stolen phones may be replaced with refurbished handsets. But I can't see that the specific term that Mr B refers to was made clear to Mr B during the sale.*

*The term in question is not an unusual term. Indeed, many of the mobile phone insurance policies currently being sold include similar terms. However, it is a significant term. So arguably, it should've been drawn to Mr B's attention during the sale of his Flex Plus account.*

*However, even if I were to conclude that Nationwide was at fault for not drawing that specific term to Mr B's attention during the sale, I'm not sure that Mr B would've been in a different position than he is now. When saying that, I have taken into account the redress that the ombudsman awarded on his claim complaint.*

*Had the term been drawn to Mr B's attention, it's arguable that Mr B may've still agreed to the Flex Plus account. I say this given that he was happy to accept that refurbished phones may be used to settle claims. Also, although the terms at the time of the sale say that unbranded parts may be used, they also say:*

*"Nothing in this policy is intended to affect your rights under the applicable manufacturer's warranty or your statutory rights. If any repairs authorised by us under this policy invalidate the applicable manufacturer's warranty, we will repair or replace your mobile phone, as necessary, in accordance with the terms of the applicable manufacturer's warranty for the unexpired period of that warranty."*

*The above is a fairly standard term for mobile phone insurance contracts. So, had the above been highlighted to Mr B during the sale, I think it's more likely than not that Mr B would've proceeded with the Flex Plus, on the basis that the insurer would essentially step into the role of the manufacturer for the remaining warranty period, if a repair voided the manufacturer's warranty.*

*Had Mr B decided not to proceed with the Flex Plus account, then it's possible he may've decided not to get any insurance at all for his phone (although this seems unlikely). Had that been the case, he would've suffered an uninsured loss to repair his phone. Alternatively, had Mr B not proceeded with the Flex Plus account and sought insurance elsewhere, then he would've likely spent a similar amount in premiums and be subjected to a similar set of terms.*

*So taking everything into account - including the redress that was awarded to Mr B to put things right regarding how his claim was settled and how much Mr B had paid in Flex Plus account fees – even if everything had gone as it should've, I think that Mr B would likely be, generally speaking, in the same situation financially, as he was by agreeing to the Flex Plus account.*

*So whilst I accept that there may've been some shortcomings in terms of the sale of the Flex Plus account, I don't think that Mr B has suffered a detriment.*

*Finally, Mr B is unhappy with how Nationwide dealt with his complaint. When Mr B contacted Nationwide, he says it kept referring him back to the insurer. Mr B feels that Nationwide was being dismissive towards his concerns and failed take responsibility for selling the account to him. However, given that Mr B was unhappy with how the insurer had repaired his phone, I think it was reasonable that Nationwide refer him back to the insurer in the first instance, as the insurer – not*

*Nationwide – is responsible for how claims are handled and for applying the terms and conditions of the policy to claims fairly.*

*Also, when a consumer complains about how an insurance policy claim is settled and also complains that the policy is mis-sold, generally speaking, the claim issue should be considered and addressed first. This is because, if the complaint about the sale is considered first, the outcome of that complaint could then adversely affect the outcome of the complaint about the claim - which can sometimes leave the consumer in a worse off position than if they had been considered the other way round. So again, I think Nationwide did the right thing to initially direct Mr B's dissatisfaction to the insurer in the first instance, even if Mr B doesn't view it that way.*

*But I note that Mr B called Nationwide on 9 January 2024 to say that he wanted to also complain that his Flex Plus account had been mis-sold. Mr B explained that he'd previously complained about how the insurer dealt with his claim, but he also wanted to raise a complaint against Nationwide for selling him the account. However, despite this, Nationwide didn't respond to his mis-selling complaint. Mr B called Nationwide again in May 2024 asking for an update, but again one wasn't provided. It was not until November 2024 did Nationwide finally set up a mis-selling complaint and issued its response in December 2024.*

*Overall, it seems that Mr B had to wait a fair amount of time, and had to chase Nationwide on at least two occasions, before it set up and considered his mis-selling complaint. And despite Nationwide promising call backs on at least two occasions (before the complaint was eventually set up), they didn't occur. I can see that this was frustrating for Mr B and clearly inconvenient for him, given that he had to chase up at least twice before Nationwide set up his complaint. And I'm mindful that it took around 10 months before Nationwide did that. So I do think that Nationwide got things wrong and the level of customer service that Nationwide provided Mr B was not what it should've been.*

### **Putting matters right**

*Due to the above identified shortcomings in Nationwide's customer service, I'm currently minded to say that Nationwide should pay Mr B £150 for the distress and inconvenience caused to him by its handling of matters."*

After I issued my provisional decision, both Mr B and Nationwide responded. Nationwide said that it would accept the redress regarding the customer service provided to Mr B. But it said that there was no failing in its sales processes.

Mr B responded and said that he didn't accept my provisional decision. Mr B says that a refurbished phone is not the same as repairing a phone using unbranded parts. Mr B says that the redress on his claim complaint put him back in the position he would've been in had he not had insurance, and is therefore out of pocket for the monthly account fees he paid Nationwide. Mr B says the insurer actually caused further damage to his phone, rather than repair it. Mr B says that Nationwide's failure to call him back, after he'd requested it to do so is a failure to make a reasonable adjustment. Mr B says that when Nationwide did assess the complaint, it contained factual errors. Mr B also has concerns that I didn't take an email that he'd sent to this service, into consideration.

### **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 reviewed everything again, including the responses to my provisional decision, I remain of the view that the complaint should be partly upheld - for the reasons I outlined in my provisional decision. However, I would like to address some of the points raised after my provisional decision was issued.

In its response, Nationwide said that there was no failing in the sales process and Mr B was required to review the insurance documents. It says the relevant term regarding the use of unbranded parts was contained in the terms and conditions. Nationwide also says that it needs to strike a balance between meeting a consumer's information needs and not making the sales documentation overly lengthy.

I do accept the latter point that Nationwide made. A balance does need to be struck in how much information is presented to a consumer – especially during the sale of a packaged account that can contain a number of insurance and non-insurance benefits. Indeed, if a document - that is meant to provide a summary of the key aspects of an insurance policy - includes too much detail, it does increase the risk that it is disregarded as 'small print' and therefore not read by the customer applying for the packaged account.

But having said the above, Nationwide is required to proactively highlight the key terms and exclusions of the different insurance products, during the Flex Plus account application process. And in my view, although the use of unbranded parts to repair phones may be a common term, it is also a significant one. So, I do think this should've also been made clear to Mr B in the summary information about the mobile phone insurance, that would've been presented to Mr B when he applied for the account. Nonetheless, I still don't think that Mr B would've been in a significantly different position than he is in now, had this particular shortcoming not occurred, due to the reasons outlined in my provisional decision.

Turning now to the points raised by Mr B, he says that settling a claim with a refurbished handset is not the same as using unbranded parts that, as he says, will never work with the phone. However, I don't really agree with Mr B. I say this because, where mobile phone insurers say they use unbranded parts to repair a phone (which many of the insurers do), it is implied that when doing so, this would result in the phone being fixed and returned in working order. The fact that didn't happen with Mr B's particular claim was addressed and put right by the ombudsman on his other complaint.

Mr B says the redress on his claim complaint put him back in the position he would've been in had he not had any insurance at all, and so says Nationwide should refund him the Flex Plus account fees. Again, I disagree. If Mr B never had mobile phone insurance, then he wouldn't be owed any redress from his claim complaint and would have had to pay for the repair himself. The fact he received that redress from the insurer – which I understand was to cover the costs of the manufacturer repairing his phone, albeit with a deduction included - only happened because he did have insurance in place (which he had via his Flex Plus account).

Mr B says that Nationwide's failure to call him back is a failure to make a reasonable adjustment. Mr B is also concerned that I'd not seen an email he'd sent to this service.

I'd like to reassure Mr B that I had seen his email, and that I'd taken his comments into consideration – including what he told us about his personal circumstances. Due to the informal nature of this service, we won't always comment on each and every point raised to reach a fair and reasonable outcome on a complaint. Nevertheless, I'd like to point out that I partially upheld the complaint and said that Nationwide should pay him £150 for the distress and inconvenience caused to him, because of what Mr B had told us about the impact this matter had on him. I've not seen anything in his responses to this service that makes me think additional compensation, or different redress, is warranted here.

So, for the reasons outlined above and in my provisional decision, I remain of the view that this complaint should be upheld in part and that the redress I set out in my provisional decision is a fair way to put things right.

### **Putting things right**

I require Nationwide to pay Mr B £150 for the distress and inconvenience caused to him by its handling of matters.

### **My final decision**

Because of the reasons given above, and in my provisional decision, I partly uphold this complaint and require Nationwide Building Society to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 February 2026.

Thomas White  
**Ombudsman**