

The complaint

Mr H has complained that Telefonica Seguros y Reaseguros Compania Aseguradora S.A.U unreasonably refused to accept his claim under his mobile phone policy.

What happened

Mr H's mobile phone stopped working so he made a claim to Telefonica.

Following its investigation it said its policy only covered claim from physical damage or if the phone was lost or stolen. It was of the view that the reason why Mr H's phone stopped working was due to wear and tear issues so it declined to accept his claim.

Mr H appealed but as Telefonica didn't change its stance he brought his complaint to us. The investigator was of the view it should be upheld. Telefonica didn't agree so Mr H's claim was passed to me to decide.

I issued a provisional decision on 19 December 2025, and I said the following:

'Having done so, I'm intending not to uphold this complaint. I understand and appreciate Mr H will be very disappointed, so I'll now explain why.

The policy is clear that it only covers physical damage to the phone or if it's lost or stolen. Therefore the burden of proof is on Mr H to show how his phone was physically damaged. In his complaint Mr H said that when he pressed the icon for his email, it didn't come on unless he turned the phone on and off again.

The policy states the following:

Damage is defined as:

*'physical damage to Your Equipment which is either:
- caused by an unexpected and unintended incident and/or impact; or
- caused intentionally by someone other than you that prevents it from working properly, and Damaged shall be construed accordingly.'*

Under the exclusions section no cover is provided for the following:

...
*(b) Your Equipment being faulty or defective in design;
(c) a malfunction of Your Equipment or the software downloaded to Your Equipment which is covered by a guarantee or warranty provided by the manufacturer of Your Equipment;
(d) a malfunction of any software, application or other material downloaded to Your Equipment by You or anyone else using Your Equipment with Your permission;
(e) Cosmetic damage including but not limited to scratches and dents that do not affect the normal functioning of the product;*

...

(j) routine servicing, maintenance or inspection of Your Equipment;

(k) adjustment to or alteration of Your Equipment;

(l) cleaning or restoring Your Equipment;

(m) repairs to Your Equipment;

...

(o) normal wear and tear or deterioration, depreciation, rusting or oxidation, atmospheric or climatic conditions.'

I've listened to call recordings between Mr H and Telefonica and also I've read the phone transcripts. In the claims call on 5 May 2025, Mr H said he had been told he could pick up a new phone at the store but he never received the call needed to confirm this. He also complained he had been on the phone for hours trying to make his claim and then his complaint. He was clearly and understandably frustrated.

Telefonica said it had no record of anyone telling Mr H he could have a new phone so it was likely that Mr H had not been talking to Telefonica about this previously. Mr H also mentioned that whoever he had been talking to previously, said he could pick up a new phone at the store and had asked for his bank card details and taken £1 out of his account to pay for the delivery. Telefonica is clear that the first they heard of Mr H's claim was on 5 May. Therefore I don't think Mr H had talked to Telefonica about his claim before 5 May and whoever he had talked to previously was someone other than Telefonica. It's very unusual bank card details would be requested and then someone would merely take £1 out for some sort of delivery fee when Mr H was told initially he could pick it up at the store too. As in that case, there would be no delivery costs in any event. So I'm not sure who Mr H had talked to and who had promised him he could pick up a new phone at the store but it's highly unlikely to be Telefonica given its records of Mr H's first contact with it. Telefonica doesn't have anything to do with payments as it is the insurer only, not his network provider. The claims handler offered to transfer Mr H to the customer service of his network provider which Mr H didn't take up.

Mr H said the phone was damaged for the past few weeks but that he hadn't knocked, damaged it, or dropped it on the floor. On this basis Telefonica refused to accept Mr H's claim as it only provided cover for physical damage to the phone in these circumstances, not simply because it wasn't working normally. Mr H said there had been no spillages on the phone either. Mr H then asked the claims handler to put down that he had dropped the phone. The claims handler obviously said no to that and reminded Mr H that the call was being recorded. The claims handler suggested Mr H's phone might be covered by a warranty so he should talk to his network provider but Mr H said he wanted a new phone, which he had been promised.

The next day on 6 May 2025, Mr H phoned again. He said that as he said his phone hadn't been dropped he couldn't change that. However now he remembered something had spilt on his phone in the kitchen some months ago. He didn't think anything had got into the phone as it worked afterwards. But now he thinks something must have got into the phone as it wasn't working for some weeks. On review of this information Telefonica continued to refuse to accept Mr H's claim.

I can understand how frustrated Mr H was in spending such a long time on the phone to varying people about his phone. As I said above I don't think Mr H talked to Telefonica before 5 May. It is possible that he talked to his network provider but I do find it unusual they asked for card details and took £1 from his bank account. Mr H should go back to his network provider to clarify this. This isn't the responsibility of Telefonica as it's only responsible from its first contact with Mr H which was 5 May.

However I don't think Mr H has shown that the reason his phone isn't working properly is due to some physical damage to his phone. This policy requires him to show that as it doesn't cover a phone malfunctioning for other reasons such as malfunctioning of software or other wear and tear issues. I'm not convinced that if something spilled on his phone, it would work normally afterwards, and only several weeks later start freezing as Mr H described. I'm not doubting something did spill on his phone in his kitchen several months before it started to freeze but I don't think that spillage has now caused his phone to freeze in the way it does. I would have expected his phone to start malfunctioning directly after that spillage not several weeks later after it worked normally for those several weeks too.

So on that basis, I consider Telefonica didn't do anything wrong in refusing to accept Mr H's claim as he hasn't met the policy conditions.'

Mr H didn't respond. Telefonica agreed with my provisional 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.

Having done so again, and in absence of any further submissions from Mr H along with Telefonica's agreement, there is no reason for me to change the outcome and reasoning of my provisional decision in not upholding this complaint.

My final decision

So for these reasons, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 22 January 2026.

Rona Doyle
Ombudsman