

The complaint

Mr M is unhappy with what Bastion Insurance Company Limited did after he made a claim on his gadget insurance policy.

What happened

In November 2022 Mr M's mobile phone was damaged. He made a claim on his gadget insurance policy with Bastion. It requested further information which Mr M provided. On 20 December Bastion confirmed it would pay the current economic value of the phone which it thought was £300. If Mr M wanted to retain the phone it would deduct salvage from that meaning he'd receive £170.

Mr M was unhappy with that settlement and the time taken to progress his claim. He complained to our service. In response to our inquiries Bastion then said it didn't think the claim should have been accepted in the first place because Mr M hadn't met the claim conditions set out in his policy. It withdrew its settlement offer. It also thought that, based on the available evidence, the damage to the phone was likely cosmetic which wasn't something the policy covered.

As our investigation progressed Mr M provided further information. He said he'd had the damaged screen on his phone repaired (as a temporary measure) within a week or two of making his claim. However, the camera and speaker hadn't been repaired and still weren't working.

Our investigator discussed matters with the parties. Bastion agreed to accept the claim. It thought a fair value for the phone would be £300 (and provided further evidence in support of that). However, it agreed to pay £375 subject to Mr M sending the phone to it so it could confirm the reported damage. If Mr M then wanted to retain the phone it would deduct £130 salvage from the claim amount.

Mr M initially accepted that offer. However, he then said it would be too inconvenient for him to return the phone to Bastion. He thought it should have asked to inspect it when he first made the claim in November 2022. He asked for an Ombudsman to review matters. So I need to reach a final 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.

The relevant rules and industry guidelines say Bastion has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

First, I appreciate after the complaint was made to us Bastion said it would withdraw its initial settlement offer because Mr M hadn't complied with the claims conditions set out in his policy which it believed were clear. Our investigator didn't think it was fair to do that because Bastion hadn't shown how its position had been adversely affected (prejudiced) because

Mr M didn't comply with those conditions. I'm not persuaded Bastion had shown that but as it subsequently agreed to accept the claim that isn't something I need to determine in any case.

The question I need to consider is whether the offer to settle the complaint Bastion has now made is a fair way of resolving matters. Mr M's policy provides cover for accidental damage and says that, based on the estimate of the potential cost of repair, it will decide whether *"to repair the Gadget, write it off at the current economic value, or provide a replacement Gadget of equivalent age and value"*.

So I think it's reasonable and in line with the policy terms that Bastion would want to see evidence of the damage and repair costs. The terms also say *"If your Gadget has been damaged. You must provide us with photographic evidence of the damage"* I appreciate Mr M did that as he supplied a photograph of his phone with his claim submissions. But although that does show some damage to the screen in the area of the camera it doesn't evidence how the camera or speaker were affected by this.

I agree with Mr M that Bastion should have asked for more information about the condition of his phone when first considering his claim. But he's told us the phone is still damaged and so remains capable of being inspected. And the policy doesn't cover cosmetic damage. It defines that as *"bodily damage which does not cause any mechanical or operational impairment."* However, the reported damage to Mr M's phone is the camera and speaker don't work. And if there is damage to those elements I don't see that would be caught by the exclusion because that damage would cause an operational impairment to the use of the phone. But I think it's reasonable Bastion has the opportunity to satisfy itself the damage is as described and does impact the operation of Mr M's phone.

I recognise providing his phone to Bastion might be inconvenient for Mr M. However, it's told us it will cover the cost of the phone being sent and returned to him by guaranteed delivery and expedite any tests or checks. That means the maximum time he'd be without his device is four working days. I think that's fair.

In addition, Bastion also told us it would accept a repair estimate from an authorised repairer of the phone in line with his policy terms which says *"an estimate must be obtained from the Manufacturer or their representatives detailing the damage and possible repair costs"*. But that would need to provide sufficient detail to enable Bastion to be satisfied the damage wasn't caught by the cosmetic damage exclusion in the policy. Again I think that's fair. So if Mr M can provide a damage report which does that that's an alternative way forward for him.

Turning to Mr M's concerns about the handling of his claim I agree with him that there have been issues here. For example Mr M doesn't appear to have received any response to the update requests he sent in late November and early December 2022. I appreciate that will have been frustrating for Mr M. I'm also not persuaded that Bastion evidenced at the time the offer of £300 it had made for his phone was fair. That appears to have been based on one advert which doesn't provide information as to the condition or age of the phone in question or provide any detail about the seller.

However, Bastion has now been able to provide more persuasive evidence in support of its valuation. On the basis of that evidence I'm satisfied it's offer was fair. But it's nevertheless agreed to pay the amount Mr M thought his phone was worth (£375) subject to the damage being confirmed. I think that's a fair way of resolving matters and I don't think there's more it needs to do to recognise the impact on him of what it got wrong when handling his claim.

My final decision

I've decided to uphold this complaint. If Mr M can evidence the damage to his phone (either by returning it for assessment or by obtaining a report from an authorised repairer which evidences the damage within a reasonable timeframe) Bastion will need to settle the claim by paying him £375 (less salvage of £130 if Mr M wants to retain the phone).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 October 2023.

James Park
Ombudsman