

The complaint

Mr H's complaint is about a mobile phone insurance policy sold to him by Barclays Bank UK PLC ('Barclays').

Mr H says that a change in the policy terms compared to previous years was not made clear to him at renewal and if it had been, he wouldn't have taken the policy out.

What happened

Mr H held mobile phone insurance with Barclays. In 2021, Barclays supplied Mr H with new policy terms at renewal. Essentially the terms contained a change which meant that if Mr H's phone needed to be replaced, he wouldn't be provided with a brand-new phone anymore, but rather a remanufactured device.

Mr H says this change wasn't made clear to him and if Barclays had done so, he wouldn't have taken the policy out. Mr H also says that he only discovered this when he made a claim on the policy in a subsequent policy year and was supplied with a reconditioned phone in poor condition.

Barclays say they communicated the change in policy terms to Mr H at renewal by uploading a letter to his online account together with the policy terms themselves. Barclays say that Mr H would have received an email to alert him to this letter.

On the other hand, Mr H says the letter didn't contain any reference to the specific change he's referred to and that this would only have become apparent to him if he'd read the policy terms in their entirety. As such he says the change wasn't made clear to him.

Mr H has also said he's now been able to claim for a new phone on his home insurance policy. He wants Barclays to refund the policy premiums he's paid since the 2021 renewal as he says he would have cancelled the policy if he'd been made aware of the change in the policy term.

Our investigator considered Mr H's complaint and concluded that it shouldn't be upheld. He said that Barclays did provide Mr H with information that set out the policy would only cover replacement phones and that this would likely be a remanufactured device, rather than a brand new one. As such, he didn't agree that Barclays failed to make Mr H aware of the policy changes at renewal.

Mr H didn't agree so the matter was passed to me to determine. I issued a provisional decision earlier this month in which I said the following:

"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 won't be upholding Mr H's complaint, but for different reasons to those set out by the investigator.

The main thrust of Mr H's complaint is that the change in policy term was significant

compared to previous mobile phone insurance policies he had held with Barclays. That's because they covered him for receiving a brand-new phone in the event his device needed to be replaced, in line with the remaining policy terms. I've thought about this, and I agree that this would have been a significant downgrade in cover. As such I think the term should have been brought to Mr H's attention like he contends.

I haven't seen anything that supports that it was. The renewal letter that was sent to Mr H's online account in line with his preference only directed him to read the changes to his policy but there's no specific reference to replacement devices being downgraded from new to remanufactured. And it's not until page 9 of a 28 page policy document that the change in cover is noted as follows:

"Where Brightstar replaced the Device, the replacement will likely be a remanufactured – not brand new – Device. Remanufactured Devices may contain non-original, third party, or unbranded parts.

IMPORTANT: Please note that Brightstar's obligations under this Policy are to provide You with a replacement Device that is of the same kind, quality, and condition as Your Existing Device immediately prior to the incident giving rise to the claim. Brightstar is under no obligation to provide You with a new replacement Device, and there is no guarantee that You will receive a new replacement Device."

Even then, the reader would need to be clear that cover was previously for replacement devices to be new in order to realise the new terms were changing to likely cover remanufactured devices. So, I'm satisfied that the change in cover was not made clear to Mr H.

But in order to uphold this complaint, I would need to be satisfied that Mr H would have done something differently if the change in term had been brought to his attention. Mr H has said he wouldn't have taken this specific policy out. But I haven't seen any evidence to suggest he had no need for cover at all. And given he had a home insurance and mobile phone insurance policy which both appeared to cover his phone, I think it's likely he would still have taken mobile phone insurance cover out. The question then arises as to whether Mr H would have found alternative cover elsewhere for a comparable price to the policy he took out with Barclays.

The term that is set out in the 2021 Barclays policy is common. Most mobile phone insurance policies extend to supplying refurbished devices rather than new ones. Mr H hasn't supplied any evidence that supports that he would have been able to take out a mobile phone insurance policy in 2021 in which replacement devices are specified as brand new or anything to show that he would have been able to renew a policy like that on the same terms in future policy years. And if that kind of policy was available, I would expect to see a much higher policy premium. So, I'd need to be satisfied that Mr H would have been happy to pay that in the circumstances. Currently there's no persuasive evidence to support that Mr H would have been able to buy and keep renewing the cover he wanted in 2021 at a price he would likely have agreed to. So, I don't think he's lost out as a result of this. Because of this I won't be upholding his complaint."

I asked both parties to provide me with any comments and evidence in response to my provisional decision. They have now responded. Barclays has said they have nothing further to add. Mr H has also responded. He disagrees with my findings and feels his complaint should be upheld. I have summarised his points as follows:

- *He accepts that he would have still had a need for mobile phone cover if he'd been made aware of the change in policy term by Barclays.*

- His home insurance policy provides cover for his personal belongings when he leaves home for which he pays an additional premium.
- When he claimed on his Barclays policy in 2023, he was sent a reconditioned phone, which he was unhappy with. As a result, he cancelled the insurance. He also enquired about whether he'd be covered for a claim on his home insurance policy and at this point discovered he would be and that he would be sent a new phone in the event of a claim. He also found that the policy excess was cheaper than the Barclays policy so reversed his claim and instead claimed on his home insurance policy.
- Mr H says that if he'd been made aware by Barclays that he wouldn't receive a new phone in the event of a claim when the policy terms changed in 2021, this would have prompted him to enquire about what his home insurance policy covered. He's since discovered that he can adjust his level of cover for an additional £2 a month to cover claims up to the value of £3,500 rather than £2,000 which include his laptop and mobile phone.
- All in all, Mr H says the actions he took since he discovered the Barclays policy didn't meet his needs support what he would have done had Barclays made the change in policy term clear to him at renewal.

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 won't be upholding Mr H's complaint. I've thought about what he's said but his submissions are coloured by the outcome of his claim rather than what he would have done had he known that the policy he held went from covering new phones to reconditioned ones. I'll explain why.

When Mr H made a claim on his mobile phone insurance policy, he said he received a reconditioned phone that was scratched and in poor condition. It was this that prompted him to complain to Barclays. It wasn't just the discovery of the fact that he would receive a reconditioned phone. Arguably, if the phone hadn't been scratched and in good condition, he might well have had no cause to complain at all. And there's nothing in the submissions he's made that support a reconditioned phone over a new one would have been cause for him to cancel his policy and go elsewhere. Rather it's the specific phone he received that seems to have prompted his dissatisfaction. And given he wasn't aware of the specific problems that would arise with the phone he was supplied with as part of his claim at the time of taking the policy out, I don't think it follows that on balance he would have chosen not to renew it on the 2021 terms.

In addition I haven't seen any specific evidence that when Mr H took out the Barclays policy to start with, the fact that they offered new phones in the event of a successful claim rather than reconditioned ones played a significant part in his decision making to take out that particular policy. Taken together with what I've said above, I'm not persuaded that the change in policy term would have led to him act differently and not continue to renew the policy even if Barclays had drawn the term that's the subject of this complaint to his attention.

Finally, based on his submissions, Mr H seems to have had duplicate cover in place for his mobile phone at least since 2021 with his home insurer. He's said he added this to cover his personal laptop when travelling to work at an additional premium. It's clear from what he says that he wasn't aware this policy extended to his mobile phone until he became dissatisfied with the outcome of the claim on his Barclays policy. So, I can't say he would have cancelled that policy based on becoming aware of the change in term only in favour of

increasing the policy limit on his home insurance policy, because he didn't know he had comparable cover anyway.

My final decision

For the reasons set out above, I don't uphold Mr H's complaint against Barclays Bank UK PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 February 2024.

Lale Hussein-Venn
Ombudsman