

## The complaint

Mr P has complained that Lloyds Bank Plc ("Lloyds") changed the mobile phone insurance provided by his Platinum account, so that it no longer provided 'new for old' cover.

Mr P says Lloyds failed to make it clear that in the event of a valid claim for a replacement handset, the insurer would provide a refurbished device.

## What happened

Mr P purchased a new iPhone in March 2022. Unfortunately, the phone was stolen from his son during a robbery a few weeks later.

Mr P made a claim for the stolen phone under the Platinum account mobile phone insurance. To settle the claim, the insurer said that it would provide Mr P with a refurbished handset, rather than a new handset and this included a one-year warranty. Mr P was unhappy with this as the phone that was stolen was almost brand new, and had come with a two-year warranty, provided by the retailer he'd bought it from.

Mr P says that his Platinum packaged account was mis-sold, because every year for the last 17 years or so, he's received an Annual Eligibility Statement (AES) from Lloyds which has never stated the basis on which any valid claim would be settled. However, on the 12 October 2022 i.e. after he made the claim, he received an AES from Lloyds which, for the first time, stated: *"This is not a new-for-old policy, if you make a valid claim for a replacement handset, you will receive a refurbished device"*.

In response to Mr P's complaint, Lloyds initially paid Mr P £35 for the amount of time he'd spent on the phone to discuss this matter. Lloyds then sent another letter and paid a further £50 for incorrectly closing his complaint. Lloyds said that the terms and conditions in place when Mr P took out the Platinum account said that *"replacement phones will be re-conditioned or re-manufactured"*. Lloyds acknowledged that this was not mentioned in the AESs, but said that the AESs do not include all terms and conditions.

Mr P referred his complaint to our service. One of our adjudicators assessed the complaint and they didn't think that Lloyds had mis-sold the Platinum account. The adjudicator also didn't think that Lloyds had done anything wrong because the AESs sent prior to 2022 didn't say how claims would be settled.

Mr P disagreed with the adjudicator, so the matter was referred for an ombudsman's 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.

We've explained our approach to complaints about packaged accounts on our website and I have used that to help me decide this complaint. And having considered everything, I don't uphold this complaint. I will explain why.

I can see that this matter has been greatly frustrating for Mr P. And I appreciate why Mr P was dissatisfied that his mobile phone insurance claim would be settled with a refurbished replacement - given that his handset was only around three weeks old at the time of the loss. But having said that, this complaint is against Lloyds Bank. So I can't consider the actions of the insurer or whether the claim was handled fairly or reasonably in this decision. All I can consider is whether Lloyds has acted unfairly or unreasonably.

I understand the premise of Mr P's complaint is that he says that Lloyds should've made it clearer to him that mobile phones replaced under the Platinum account mobile phone cover would be refurbished handsets.

When the account was sold to Mr P in 2006, the mobile phone insurance terms and conditions at the time said that in the event of a claim, replacement phones will come with new or refurbished stock. Such a term is not unusual for mobile phone insurance policies, so I wouldn't necessarily expect the business to have highlighted such a term during the sales process. Although Lloyds was still required to provide Mr P with information about the insurance policies so that he could make an informed decision about whether to upgrade to the Platinum account.

Unfortunately, due to how long ago it was sold, it's not clear what information Mr P was given during the sale. However, I think it's likely that Mr P was provided with information about the insurance benefits provided by the Platinum account. I say this because I can see that Mr P contacted the travel insurer a number of times over the years; had registered mobile phones with the mobile phone insurer; and had claimed on the breakdown cover a few times too. So it seems that he was given enough information to know who to contact to enquire about his cover, but also how to check the level of cover he had, register phones and make claims too.

However, even if it was the case that Mr P had not been provided with information about the mobile phone insurance during the sale, I still think it's likely that Mr P would've agreed to the account, had he been given more information about it. I say this because it appears that he was attracted to and relying on a number of the benefits included with his account – not just the mobile phone insurance. Also, the terms at the time indicated that mobile phone claims could be settled with new or refurbished stock, so there was still a possibility at the time, that in the event of a claim, he'd receive a new phone.

Had this been made clear to Mr P, I'm not persuaded that this would've necessarily put Mr P off from agreeing to the Platinum account. Afterall, he may not have envisaged at the time, the circumstances of his mobile phone claim occurring i.e. having to claim for a phone to be replaced that was almost brand new. As such, based on everything I've seen, I'm not able to conclude that the Platinum account was mis-sold.

I understand that in the years that Mr P had the Platinum account, the terms and conditions changed. One of the changes made to the mobile phone insurance, was that claims would be settled with 'reconditioned or re-manufactured phones', rather than brand new phones.

Lloyds has explained that it had written out to Mr P in September 2014 to explain that the mobile phone insurer had changed and provided Mr P with a copy of the terms and conditions of the various insurance policies. This explained that where the insurer replaces a mobile phone the replacement may be remanufactured (not brand new) handset.

Lloyds also sent an message to Mr P via its online banking messaging system - which is showing on Lloyds' system as having been 'read' by Mr P - on 13 September 2021. This explained that from November 2021:

*“The terms and conditions will be updated to make it clear that replacement phones are not on a ‘New for Old basis’ so if you make a valid claim for a replacement handset, you will receive a refurbished device which has been through a thorough a comprehensive checking process to ensure it’s in full working order. All mobile phones will come with a 1 year warranty from the insurer.”*

Although the document sent to Mr P in September 2021 addressed other changes to other benefits, the above was the only thing mentioned under the mobile phone insurance section of the document. It was not the case that it was buried in amongst a lot of other changes being made to the mobile phone insurance policy. So, I think that Lloyds did send Mr P information about the Platinum account mobile phone insurance terms and conditions changing, particularly that claims would be settled with refurbished phones. And it had done this before Mr P had purchased the phone that he unfortunately had to make a claim for.

Finally, I note that Mr P questioned why the AES sent in 2022 addressed the fact the policy does not provide new for old cover and that replacements would be remanufactured or refurbished. Mr P says that this should’ve been included in the AESs from the outset.

I do appreciate why Mr P has said this. But it is unfortunately the case that the policy wording was changed in November 2021, which was after the AES for 2021 had already been generated for him. This is likely the reason why it was, unfortunately for Mr P, not included in the 2021 AES.

However, the AES is essentially required to include the eligibility criteria and any significant terms or exclusions. The AES can’t be expected to highlight every term and exclusion that may affect policyholders, as the document would essentially fail to do what it is intended to do – which is to highlight the eligibility criteria of the various insurance policies. And although the AES does include some exclusions as well, the insurer’s previous policy to replace handsets with new or refurbished phones is not unusual and is a fairly common term for mobile phone insurance policies. So, I don’t think Lloyds is at fault for not including this information in the AESs sent before 2022.

So in summary, whilst I do have sympathy for the circumstances of Mr P’s insurance claim, I’m not able to conclude that Lloyds has mis-sold the Platinum account. I also don’t think it acted unfairly or unreasonably towards Mr P because the AESs didn’t mention - until November 2021 onwards - how claims would be settled.

### **My final decision**

Because of the reasons given above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P to accept or reject my decision before 28 September 2023.

Thomas White  
**Ombudsman**