

The complaint

Mr S complains about AWP P&C SA (AWP), regarding a claim under his mobile phone insurance policy.

AWP uses agents to administer and provide services under the policy, as well as to deal with claims and complaints. Reference to AWP in this decision includes those agents.

What happened

Mr S had a mobile phone insurance policy with AWP, taken out in December 2021, for a period of two years at a one-off cost of £248. The policy provided cover for accidental damage to the phone. In May 2023 Mr S contacted AWP to report a problem with his phone. He was told he could travel to a repair centre, which was an hour away for him, or have the phone collected and taken away for repair. Mr S wasn't happy at this, as he thought under the policy he'd taken out he could opt for a 'doorstep' repair at his property. AWP said there had been a change to the policy terms and conditions which meant they weren't able to offer a doorstep repair of the model of Mr S's phone. They reiterated the two options, to travel to a repair centre or have his phone collected for repair.

AWP apologised for the options not meeting his expectation of a doorstep repair. In light of this, they offered to arrange collection of his phone for repair, to be free of charge and not impact on his claims history for the policy. This meant he wouldn't have to pay the policy excess that would normally apply. AWP would work to ensure the repair was completed as quickly as possible. AWP also offered to refund the purchase cost of the policy, while leaving the policy in place so Mr S would continue to have his phone covered. Any future claims would be dealt with through one of the two options the policy now offered.

Mr S rejected AWP's offer. He said he purchased the policy in good faith and as no point had he been made aware of the policy change that meant a doorstep repair wasn't an option. He should have been told about the change in the policy terms. He used his phone for business purposes and couldn't be without it whilst away for repair. He also said he hadn't been made aware the policy had an excess where claims were made.

AWP accepted they hadn't told him about the withdrawal of the doorstep repair option for his model of phone (not all models of phone had the option withdrawn). They also said the website for the policy included details of the policy, including the excess, and this was available when Mr S took out the policy. Mr S asked for a replacement phone or a cash settlement of the cost of his phone, but AWP maintained their offer, saying it was fair.

Mr S then complained to this Service. He said AWP had changed their terms and conditions without informing him and they hadn't told him about the policy excess when he took out the policy. So, he was only given two options for the repair of his phone, not the doorstep repair included as an option when he took out the policy. The two policy options weren't convenient for him. His phone wasn't working properly, and the experience had cost him time and caused him distress. He wanted AWP to replace his phone on a like for like basis if they couldn't offer a doorstep repair – rather than having to travel for over an hour to a repair centre or have his phone collected.

Following his complaint to this service, AWP considered Mr S's complaint and subsequently made an offer to resolve it. They confirmed their offer to refund the policy premium. Additionally, they offered to reimburse the purchase price of his phone (£1,199) and £100 as a gesture of goodwill.

Mr S was content with the refund of the policy premium and purchase cost of his phone but didn't think the £100 fully reflected the distress and inconvenience he'd experienced from what had happened.

Our investigator then considered the complaint. He thought AWP's offer to refund the cost of Mr S's policy and reimburse the purchase cost of his phone was fair. But given the time Mr S had spent trying to resolve the issues and the consequent distress and inconvenience, he thought AWP should increase its compensation offer to £200.

Mr S accepted the investigator's view, but AWP didn't reply by the date requested for responses to the investigator's view. So, the complaint has been passed to me to review.

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.

My role here is to decide whether AWP have acted fairly towards Mr S.

The key issue in Mr S's complaint is that he wasn't told of changes to his policy that – for his model of phone – removed the option for a doorstep repair. Mr S says this is unfair and he should have been told about the change, rather than find out when he had to make a claim. He's also unhappy about not being made aware of the policy excess.

In considering the complaint, I've noted AWP accept they didn't tell Mr S about the changes to the policy terms and conditions that removed the option of a doorstep repair. The option was removed for some models of phone – including that of Mr S – but not for all models. I agree AWP should have made Mr S aware of the change in terms and conditions, rather than his only becoming aware of the change when he came to make a claim. I've concluded this wasn't fair and reasonable and would have led to a loss of expectation on Mr S's part.

On the point about the policy excess, while it hasn't been applied because of AWP's offer to resolve the complaint, I have noted the policy terms and conditions – including the applicable excess – were on AWP's website and could be located relatively easily. And the application of an excess isn't an uncommon feature of these types of policy, so I don't think AWP acted unfairly in respect to this aspect of the complaint.

Having reached these conclusions, I've considered what AWP should do to put things right. In doing so, I've noted AWP have offered to refund the one-off cost of the policy (£248) as well as the purchase cost of his phone (£1,199). I think both are fair and reasonable in the circumstances of the case.

With respect to AWP's goodwill gesture of £100, I've considered the time and inconvenience Mr S says he spent and has suffered from what happened. I can see exchanges between Mr S and AWP before he brought his complaint to this Service. While complaint handling isn't a regulated activity that falls within the remit of this Service, I've noted AWP didn't provide a final response to Mr S's complaint, and only made a revised offer to resolve the complaint some time after Mr S brought his complaint, both to this Service and to AWP. Taking account of the circumstances, I've concluded £200 for distress and inconvenience would be fair and reasonable. That is, an additional £100 on top of the £100 offered by AWP.

My final decision

For the reasons set out above, it's my final decision to uphold Mr S's complaint. I require AWP P&C SA to:

- Refund Mr S the cost of his policy (£248) and reimburse him for the purchase price of his phone (£1,199) assuming they haven't already refunded or reimbursed him.
- Pay Mr S £200 compensation for distress and inconvenience, again assuming they haven't already paid him the £100 they've offered.

AWP P&C SA must pay the compensation within 28 days of the date on which we tell them Mr S accepts my final decision. If they pay later than this they must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 April 2024.

Paul King
Ombudsman