

The complaint

Mr A has complained that Financial & Legal Insurance Company Ltd a claim made under his Gadget Insurance policy for a lost mobile phone.

What happened

The background to this complaint isn't in dispute. In summary in September 2024 Mr A lost his iPhone on a bus. Financial & Legal asked for various items of proof, some of which were provided. Initially Financial & Legal declined the claim on the basis that it hadn't received all the proof it required, and that the claim hadn't been reported to the police within 24 hours as required by the policy.

Subsequently Financial & Legal made a settlement offer. This was to pay the claim less the £50 excess and to pay £25 for distress and inconvenience. Financial & Legal agreed to expedite the claim.

Our investigator thought this was fair, but Mr A appealed. He said that the mishandling of his claim had devastating consequences. He said that he had been unable to work for several months as his employment required the use of his personal phone to confirm shifts. Mr A said that the consequential effect of this was that he was unable to contribute to household bills or meet his credit card payments and his mental health struggles had been exacerbated. Mr A said that Financial & Legal's conduct has been unprofessional and in direct violation of the standards expected of a regulated entity.

Mr A did say he would try and get further evidence, but had not done so by the required date, which was over two weeks ago.

As no agreement has been reached the matter has been passed to me to determine.

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.

Firstly I'd like to reassure Mr A that while I've summarised the background to his complaint and his submissions, I've carefully considered all he's said and sent us. Within this decision though, I haven't commented on every point he's made rather, I've focused on what I consider to be the key issues. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts.

Financial & Legal has a responsibility to handle claims promptly and fairly. And it shouldn't reject a claim unreasonably. So I've looked carefully at all the circumstances in order to see if it treated Mr A fairly. Having done so and although I'm sorry to disappoint Mr A, I agree with the conclusions reached by the investigator for the following reasons:

- I understand Mr A did attempt to report the loss of his phone to the police within 24 hours, as required by his policy, but was informed that the police won't make reports

for lost items unless theft is involved. Financial & Legal asked for evidence of contact with the police – I find this was fair. It seems from the evidence I have seen that the contact with the police was four days after the theft. The policy term requiring a police report within 24 hours isn't an unusual one. Financial & Legal has said if the device is reported to the police within 24 hours and blacklisted, the chances of it being handed in are significantly increased. But I don't consider it fair and reasonable to rely on this condition unless an insurer can show it has actually been prejudiced by the failure to comply with the policy term.

- Financial & Legal did later accept the claim and agree to pay compensation for the distress caused. I acknowledge Mr A's strength of feeling about the way his claim has been handled, but I find the offer of compensation was fair.
- I should explain that when considering compensation, this Service looks at the effect on the consumer. We do not regulate financial businesses or seek to punish them. I haven't disregarded what Mr A has explained has been the profound effect that the loss of his phone has caused him. But I'm not persuaded, based on the evidence submitted, that fact that his claim wasn't admitted initially directly led to him being without a phone and off work for months as a result. As our investigator explained it is not apparent why the software needed for his work couldn't have been installed on any other phone available to him – which would have meant he was able to mitigate any losses he incurred.
- Mr A has said that Financial & Legal's failure to comply with the timeframe for actioning his subject access request has directly hindered his ability to provide additional supporting evidence in a timely manner. But it's not clear how the evidence of Mr A's financial losses would in any event be found in information he may receive from Financial & Legal. Having looked carefully at the evidence Mr A has provided I'm not persuaded that Financial & Legal's actions directly caused the losses Mr A has detailed.
- I recognise that Mr A will be disappointed by my decision, but I'm satisfied that Financial & Legal's offer is fair and reasonable in the circumstances.

My final decision

My final decision is that Financial & Legal Insurance Company Ltd has made a fair offer to settle this complaint. It should now:

- Pay the claim based on an iPhone 15 Pro Max 256GB less £50 excess.
- Pay £25 in compensation.

I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 March 2025.

Lindsey Woloski
Ombudsman