

The complaint

Mr M complains about American International Group UK Limited (AIG)'s handling of his claim under his gadget insurance policy.

What happened

Mr M held gadget insurance with AIG. He damaged his phone and made a claim. AIG examined the phone and deemed it beyond economic repair. Due to this assessment, AIG (having applied the policy terms and conditions) offered to either replace the phone or provide a cash settlement. It was agreed that a cash settlement would be sent to Mr M.

AIG had Mr M's old bank details on file. And despite Mr M telling AIG that he had another bank account, and that the old bank account was closed, AIG sent the cash settlement to his old, closed account.

There was a delay in returning the cash to Mr M's correct account, due to AIG's error. Mr M said that this caused him to repeatedly chase AIG via phone calls, whilst he was abroad. Mr M said that this was very expensive and caused him stress and frustration. So, he complained to AIG.

In its final response, AIG accepted that it had provided poor service to Mr M. It apologised for the errors that it caused, and that Mr M had to chase for updates. It confirmed that the settlement had now been sent to the correct account. In addition, it said that for the trouble and upset caused it offered £205 compensation. It also reimbursed Mr M's call costs of £263.73 (which was the amount that Mr M said it cost him to call AIG). Mr M wasn't happy with the outcome and as he had been given his referral rights, he referred a complaint to our service.

One of our investigators considered the complaint and didn't think it should be upheld. She said that the main issue of the complaint was the level of compensation offered by AIG. She said that the total compensation amounted to £468.73, as AIG had accepted the poor service and delays. She said that she didn't believe that all of the calls made by Mr M to AIG were warranted, especially as he had also emailed AIG and received responses to the emails. So, he could've contacted them by email to reduce his costs. But despite this, her view was that AIG had been fair and reasonable in the amount of compensation offered. So, she wouldn't be asking them to do anything further to resolve the complaint.

AIG accepted the view, Mr M did not. He asked for a decision from an ombudsman.

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 uphold this complaint, for much the same reasons as our investigator. I understand that this might be a disappointment to Mr M, but I hope my findings go some way in explaining why I've reached this decision and why I think it is fair.

Mr M hasn't raised any further comments regarding our investigators view and as I understand that he wasn't happy with the amount of compensation offered, I think the main issue of this complaint is the level of compensation and whether it was fair in the circumstances of this complaint. So, I've looked at the impact of AIG's errors on Mr M.

AIG accepted that the standard of service, fell well below than it would've liked. And I note that it apologised to Mr M for the errors that occurred during the claim process.

Mr M said that the errors caused him a level of stress. He also said that it affected his health, and he was suffering from illness. Whilst I empathise with Mr M's health issues, he hasn't provided me with details of those health issues. Nor has he provided information to AIG and specifically how AIG's errors affected his health.

Whilst I accept that Mr M would've been caused a level of distress, having applied our guidelines regarding compensation I do think that Mr M was caused to have more than the levels of frustration and annoyance by the errors made by AIG. I do think that Mr M spent a reasonable amount of time to sort out. Consequently, I'm satisfied that the compensation of £205 is a fair and reasonable amount.

In addition, I note that Mr M provided details about the call costs he incurred as a result of chasing AIG for updates. I think it's fair and reasonable for AIG to have offered to reimburse those costs in full. I say this as I do think that Mr M could've contacted AIG via email and so reduce his costs. I note that Mr M had emailed AIG and AIG had responded to those emails. So, I think that it was more likely than not that AIG would've still responded to those emails, had Mr M chosen to contact them in this way.

Ultimately, AIG processed the cash settlement correctly within five working days of having received the old device back. And I don't think this was too excessive by way of a delay.

Whilst I understand how disappointed Mr M will be, I think that AIG were fair and reasonable in its offer of compensation and in its offer to reimburse Mr M's call costs. Consequently, I can't reasonably ask AIG to do anything further to resolve this complaint.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 August 2023.

Ayisha Savage
Ombudsman