

The complaint

Ms B complains about how American International Group UK Limited (“AIG”) handled her mobile phone insurance claim.

AIG is the underwriter of this policy i.e. the insurer. Part of this complaint concerns the actions of its agent. As AIG has accepted it is accountable for the actions of the agent, in my decision, any reference to AIG includes the actions of the agent.

What happened

In April 2023, Ms B made a claim under her mobile phone insurance policy with AIG. Ms B was told that a replacement device wasn’t available, and it would take up to five working days for one to be shipped to her.

Ms B raised a complaint with AIG because she was unhappy with the delay and believed it should have offered her an alternative device. AIG arranged for a device to be sent to Ms B around a week after she made her claim. In response to her complaint, it apologised for not looking into an alternative device for her sooner. AIG paid Ms B £50 to compensate her for the amount of time she’d spent on calls and the inconvenience she’d experienced.

Ms B remained unhappy and asked our service to consider her concerns. She said she would like a full refund of the £100 excess she’d paid AIG, plus £100 for the hassle and upset it had caused her.

Our investigator didn’t think Ms B’s complaint should be upheld. He thought the £50 AIG had already paid her was fair.

Ms B disagreed with our investigator’s outcome. She said the terms and conditions clearly state that AIG would offer her a replacement, but it didn’t until she complained a lot. She said this should have been offered on the first phone call. She was left without an operating mobile phone for one week as a single parent with a child. She had to spend at least five hours of her time trying to sort it out and raise complaints before AIG would offer her a replacement. So, the complaint has been passed to me to decide.

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’ve decided not to uphold Ms B’s complaint. I’ll explain why. The policy terms say:

“You will pay a contribution of £100 for each approved replacement claim (the “Replacement Excess”) and £50 for each approved repair claim you make (the “Repair Excess”) The applicable excess will be collected from you by (AIG’s agent) before we repair or replace your phone.”

AIG's notes show that Ms B paid the £100 excess on the day she made the claim.

The terms and conditions also say:

"If your phone is being replaced, (AIG's agent) will try to provide you with the same make and model of phone, although it may be a different colour. In the unlikely event that (AIG's agent's) suppliers do not have your phone in stock, (AIG's agent) will offer you an alternative phone. This will be at least the equivalent technical specification of your phone but may be a different make, model or operating system or have different features and functions."

AIG says Ms B was told her device was out of stock and on back order the day she made her claim. It looks like it offered her an alternative device around a week later, after she'd phoned a couple of times to complain. The phone was ordered and shipped to Ms B the same day.

I appreciate it was inconvenient for Ms B to be without a phone for around a week. I think this timeframe would likely have been reduced if AIG had offered her an alternative device when she first made her claim. However, AIG's terms and conditions don't give a specific timeframe for a claim to be settled. So, I'm not persuaded it's breached the policy's terms and conditions or that there was an unreasonable delay in Ms B receiving a replacement device.

I understand Ms B is unhappy about the time she spent on the phone trying to get the matter resolved. However, using financial services won't always be hassle free and our service won't always award compensation when a business makes a mistake. We'd normally say an apology or small monetary award is enough to remedy a mistake if it causes minimal impact and is put right quickly.

I know my answer will be disappointing for Ms B, but I think the £50 AIG has already paid her is sufficient compensation for any distress and inconvenience it's caused her. So, I don't require it to do anything further.

My final decision

For the reasons I've explained, I don't uphold Ms B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 21 August 2023.

Anne Muscroft
Ombudsman