

## **The complaint**

Mr S complains about the way American International Group UK Limited (“AIG”) handled a claim under his mobile phone insurance policy.

## **What happened**

- On 22 August 2023, Mr S made a claim under his mobile phone insurance policy as he’d lost his phone.
- AIG requested proof of purchase and when sufficient documentation was provided on 7 September 2023, it accepted the claim.
- Mr S paid his policy excess of £149, and a replacement handset was sent to him.
- On 9 September 2023, Mr S reported to AIG that the replacement handset was getting very hot and took a long time to charge. It was returned and AIG agreed it was faulty.
- A second replacement handset was sent out, but it wasn’t received. An investigation was raised with the courier, and it appeared the device was being held at the depot and was subsequently lost. A further handset was sent.
- Mr S didn’t get the replacement until 21 September 2023, and he contacted AIG the following day to express concern that non-genuine parts had been used. He was told this was in line with the policy terms.
- On 17 October 2023, Mr S contacted AIG again to report that the replacement was faulty. He tells us he took the handset to a retailer who advised him it was a fire risk and dangerous.
- AIG sent out a third handset and when it wasn’t received, it told Mr S to contact the courier directly. Mr S received the replacement on 22 October 2023.
- Mr S raised a complaint as he was unhappy with the level of service he’d been provided. AIG agreed there’d been failings in the way it had handled the claim and it paid £225 compensation to put things right.
- Mr S didn’t think this adequately compensated him for the distress and inconvenience he’d been caused. He says he was without a phone during this time and missed calls from the doctors. He brought his complaint to our service, but we were satisfied AIG had done enough to resolve things.
- As Mr S didn’t agree, 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.

It's not in dispute that AIG's service wasn't to the standard which Mr S could reasonably expect to receive. It acknowledges that Mr S was provided with handsets that didn't meet quality standards; there were delays; and it incorrectly told Mr S to contact the courier directly regarding delivery. So I don't need to make a finding on whether or not AIG did something wrong here – it did. What I need to decide is whether it's done enough to put things right.

Compensation isn't intended to fine or punish a business, it's to recognise the impact the business' actions have had on its customer. So when deciding what amount would be fair, I need to consider how Mr S was affected by AIG's actions.

I understand there was over six weeks between AIG accepting this claim and Mr S being provided with a working replacement phone. I've no doubt he would've experienced distress and inconvenience during this time as a result of having to make multiple calls to AIG to report problems; return faulty handsets; and chase receipt of replacement ones. I'm aware Mr S didn't have a mobile phone during this time which would've caused further impact.

It's not clear whether Mr S had access to any other phone during this time, such as a landline, but I can see that he was able to make calls to AIG throughout the six-week period. So I'm satisfied that, on balance, it's most likely he did.

Taking everything into account, I agree that Mr S should be compensated for what went wrong here. And I'm satisfied the £225 already paid fairly reflects the impact AIG actions had on Mr S. So I don't think it needs to pay anything more to put things right.

I appreciate Mr S will be disappointed with this outcome. I'm aware that he wanted enough compensation to enable him to purchase a new phone, rather than the refurbished handset he's been provided under the policy which has non-genuine parts. He also wanted a refund of his policy excess. But, as I've explained, this isn't the intention of compensation. AIG has paid the claim, so Mr S is liable to pay his excess and I'm satisfied he's received a fair settlement in line with the policy terms.

## **My final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 May 2024.

Sheryl Sibley  
**Ombudsman**