

## **The complaint**

Mr W complains about the way American International Group UK Limited (AIG) handled his mobile phone insurance claim.

## **What happened**

Mr W's complaint concerns a mobile phone insurance policy that comes as an additional product with his bank account.

Mr W complained to AIG around September last year after becoming unhappy with the way the insurer had handled his mobile phone insurance claim. Mr W's claim included a pair of headphones he'd lost, which AIG decided wasn't covered under the terms of the policy. Mr W is also unhappy at the multiple attempts it had taken for AIG to provide him with a suitable replacement phone – Mr W says he experienced receiving a damaged phone, a wrong phone and received two replacements at the same time. He says this affected his sleep as he works nights and had to ensure he was available to receive each delivery.

AIG's response reiterated that Mr W's headphones weren't covered by the terms of the policy, given this wasn't an accessory that came with the phone. The insurer apologised for the issues Mr W experienced with receiving a replacement phone and paid him £65 compensation for the inconvenience it caused him.

Mr W disputed AIG's response and asked this service to review his complaint. Mr W's main argument is that the terms he saw on his bank's website suggests the headphones are covered, so the insurer should accept the claim. As part of its submissions to this service, AIG offered to increase its compensation payment to £75.

Our investigator concluded that the terms did not cover Mr W's headphones as this was purchased separately to the phone – rather than it being a standard accessory that came with the phone. The investigator felt that the compensation AIG had paid didn't fairly reflect the inconvenience it caused Mr W and asked the insurer to increase this to £150.

Mr W accepted the compensation amount but disagreed with the investigator's opinion that the headphones weren't covered. AIG didn't provide any further comments. Mr W asked for a final decision, so the complaint has been passed to me.

## **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.

Mr W's main point of dispute is that he thinks the headphones should be covered under the policy. The terms say that standard accessories supplied with the phone are covered and lists things like the charger and memory card as examples. Mr W's headphones were purchased separately and didn't form part of the accessories that may have come with his original purchase of the phone. So I think AIG fairly applied its terms when it decided that the headphones weren't covered.

Mr W refers to the terms that were displayed to him on his bank's website. I can see that the wording of the terms here are slightly different and, although the terms still reference standard accessories, it's not necessarily made apparent that the accessory being claimed for had to have been supplied with the phone. Because of this slight difference in wording, Mr W thinks AIG should stand by what's on the bank's website and accept the claim for the headphones.

Mr W also says the terms do not specifically set out that the accessory being claimed for must be from the same manufacturer as the phone. And he thinks his headphones can be considered as covered given it was compatible with his phone. But I don't agree.

I say this because, although the detail in the way the term is set out on the bank's website is slightly different, both on the website and the term in the full terms and conditions make it clear that the cover is for standard accessories. And I share the investigator's opinion that this refers to accessories that formed part of the package of items that came with the phone, rather than an accessory that Mr W purchased separately. So I won't be asking AIG to review its decision to decline Mr W's claim for his headphones.

It seems apparent to me that Mr W experienced multiple issues as part of receiving a replacement phone. This includes:

- Receiving the wrong model
- Receiving multiple replacements at the same time
- Receiving a replacement phone that later turned out to be damaged

Mr W says this affected his sleep, given he works nights and had to ensure he was around to receive each delivery. AIG already seems to accept that it caused Mr W some distress and inconvenience. But I don't think the compensation it has paid him fairly makes up for what Mr W experienced.

Mr W experienced a problem with receiving a replacement phone on several occasions and I can see from AIG's notes that he had to call each time to notify the insurer of the problem. I appreciate that errors can happen, but I think AIG should've done more to put this right and get the right replacement to Mr W as soon as it knew that something went wrong. Had AIG done so, it would've avoided affecting Mr W's sleep and causing him further distress and inconvenience. I agree that increasing the compensation to £150 is a fair way to make up for the distress AIG caused Mr W.

Mr W also disputes that AIG's courier made a proper attempt to fulfil one of the deliveries. AIG said it had photographic evidence suggesting the delivery was attempted. Mr W denies this and previously indicated he had his own CCTV footage that shows otherwise. Unfortunately, Mr W no longer has access to this footage – given there isn't anything I can see to challenge AIG's conclusion on this point, I can't fairly say that the delivery wasn't properly attempted.

In summary, I'm satisfied that AIG has applied its terms fairly and its decision that Mr W's headphones were not a standard accessory is reasonable. However, AIG caused Mr W distress and inconvenience by sending him multiple replacement phones that were either the incorrect model or didn't meet the standard that was expected - I think the insurer should increase its compensation payment because of this.

### **Putting things right**

AIG unfairly caused Mr W distress and inconvenience. To put things right, it should increase its compensation payment to £150.

**My final decision**

For the reasons set out above, I'm upholding this complaint in part and direct American International Group UK Limited to pay Mr W an additional £85.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 29 April 2022.

Abdul Ali  
**Ombudsman**