

## **The complaint**

Mr D complains about American International Group UK Limited's (AIG) lack of repair options, following a claim under his gadget insurance policy.

## **What happened**

Mr D damaged his mobile phone and contacted AIG to make a claim. He was told by the advisor that there were no repair options available to him as the closest repair shop was a 270-mile roundtrip. So, he was offered a replacement phone.

Mr D said that he didn't want a replacement phone for two reasons. First, the cost of the excess was £50 more than the excess charge of a repair. And second, his mobile phone was around 3 weeks old and the replacement mobile phone would have been a reconditioned phone. Mr D was told that he could call in to see if there were any mobile repairers in his area and he did so over a few days.

Mr D was told on each occasion that there were no mobile repairers and his only option was, to get a replacement handset. So, he raised a complaint.

In its final response, AIG said that it had offered the appropriate options for his policy. In that, where a mobile repair or walk-in repair wasn't available, an advanced exchange would be offered, which is what it offered here. So, there was nothing further it could do to resolve Mr D's complaint.

Mr D was given his referral rights and he referred a complaint to our service. One of our investigators considered the complaint and thought it should be upheld. She said as there were no reasonable options available, AIG should've provided an alternative. For instance, arranging for the phone to be collected, providing a repair shop within a reasonable travelling distance and if those options weren't available, to allow Mr D to get a third party repair and for AIG to reimburse the costs, less any excess. She also said that given that Mr D had to make numerous phone calls, AIG should pay £50 compensation for the trouble and upset caused.

Mr D accepted the view, AIG did not. It said that the terms and conditions of the policy didn't allow for third party repairs and although the repair shop wasn't close to Mr D, the option of a replacement phone was still available to him. It also said that the policy was clear that it could either offer a repair (if it was available) or a replacement and this would be discussed with the customer when a claim is made. It said that from the outset Mr D was informed that the only option available to him was the replacement. So, it 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 will be upholding this complaint. I hope my findings go some way in explaining why I've reached this decision.

I have considered the policy terms and conditions, as well as the comments made by each party. Essentially, AIG said that the policy terms made it clear that repairs might not be available, so it would offer policyholders the only other option of a replacement phone. It confirmed that Mr D's phone would be replaced with a reconditioned model.

Mr D said that he wasn't given a viable option as the repair shop closest to him was a 270-mile round trip away. So, the replacement phone was the only option presented, which would've meant that he would be liable for a higher excess charge and a replacement phone that wasn't new, unlike his phone.

I have listened the call recordings and on one of the calls, AIG offered Mr D a mobile repair. It mentioned two businesses who could carry out such a repair. I have conducted an internet search on the businesses mentioned and I found the following. One of the businesses, is a mobile repair that attends policyholder's home and carries out a repair on site. The other business permits the phone to be posted, a repair completed before the phone is returned. At the time AIG said that there were no repair slots available in Mr D's area.

Mr D also put forward the option of getting a third-party repair and for AIG to reimburse the costs. AIG said that this wasn't provided for in the policy and I agree that this is the case. But I think that AIG couldn't offer all the options that were set out in the policy. That is, the repair shop was impractical as an option and there were no local mobile services available.

As AIG were not able to offer all the options outlined in the policy, I think it is reasonable, in these very specific circumstances, to step away from the strict contractual position. I think it's fair for it to either, arrange a mobile repair to attend Mr D's home for the phone to be repaired onsite or arrange for the phone to be posted to its preferred provider. And if, those options are not available, I think in these circumstances, Mr D should be permitted to have the phone repaired by a third-party provider and for AIG to reimburse the cost of this. The excess payment of £50 for a repair is applicable.

I do think that Mr D suffered from minor impact due to the number of calls that he had to make in order to progress his claim. And for this, I think AIG ought to pay him £50 for the trouble and upset caused.

### **Putting things right**

I understand that AIG has said that it will either provide a replacement phone or will arrange for the phone to be repaired, (if the repair option is available) and will be discussed with the customer when the claim was made. But I'm satisfied that two options are given under the policy and as only one was available, I think Mr D was not given an alternative option at all. Consequently, I think that AIG should put matters right as I direct below.

### **My final decision**

For the reasons given, I uphold this complaint.

American International Group UK Limited should arrange for a mobile phone repairer to attend Mr D's home to carry out a repair onsite.

Or It should arrange for Mr D phone to be posted to his preferred phone repairer, repaired, and returned to Mr D.

Or if those options are not available, it should permit Mr D to repair the phone with a third-party provider, and reimburse the costs, on production of a paid invoice from Mr D.

American International Group UK Limited should also pay £50 compensation for the trouble and upset caused.

American International Group UK Limited's must pay the compensation within 28 days of the date on which we tell it Mr D accepts my final decision. If it pays later than this, it must also pay interest on the above amounts from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 September 2022.

Ayisha Savage  
**Ombudsman**