

The complaint

Miss G complained about the service provided by American International Group UK Ltd (“AIG”) following her mobile phone insurance claim.

What happened

Miss G had mobile phone and gadget insurance through her joint bank account. Miss G dropped her phone on 23 August 2021, and it stopped working. Miss G rang AIG to submit a claim. AIG accepted the claim and said it would first of all try to repair Miss G’s phone.

AIG agreed to collect Miss G’s phone from her place of work the following day. However, it went to her home address instead and Miss G had to call it to rearrange the collection. AIG decided Miss G’s phone couldn’t be repaired and a replacement was delivered to her on 7 September 2021. Miss G said the replacement phone was damaged when delivered to her.

Miss G complained to AIG about the collection being arranged from the wrong address; the collection not being in her name; misadvising her about timeframes; taking too long to decide her phone couldn’t be repaired; lack of updates; call wait times and the replacement phone being damaged.

AIG responded and partially upheld Miss G’s complaint. It acknowledged its service fell short in most of the areas complained about by Miss G. In relation to call wait times, it said as an inbound call centre it was unable to regulate the number of calls received. However, its wait times on this occasion were longer than it deemed reasonable. AIG said it appreciated the inconvenience of receiving a faulty replacement phone but said it’s outside its control as issues can develop while phones are in transit. AIG offered £125 compensation for the distress and inconvenience caused.

When our Investigator contacted AIG, it clarified that it didn’t replace the damaged device Miss G received on 7 September 2021 as it was reported to it outside the 72 hour timescale. Our Investigator upheld Miss G’s complaint. She said Miss G had tried to report the damaged device but had been unable to speak to an advisor. Our Investigator suggested AIG contact Miss G about the damaged phone and consider replacing it, in line with the terms of the policy. She also asked AIG to pay an additional £75 compensation.

AIG agreed with what our Investigator said. Miss G thought £400 was a more appropriate amount of compensation and so this has come to me for a decision.

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.

I have no way of knowing whether Miss G’s replacement phone was working when it was sent to her by AIG. I know that AIG said it was working, but Miss G said it was damaged by the time it got to her. In any event, the issue here is that Miss G expected a working

replacement phone to be delivered and it seems likely that hasn't happened. So, what needs to happen now is for AIG to look at Miss G's phone and decide what the next appropriate step is, subject to the policy terms.

The issue was that AIG originally said it wouldn't accept the phone back as Miss G didn't contact it about the replacement phone being damaged within the 72 hour window for alerting them to faulty replacements. But since our Investigator's assessment, it has agreed to do this, and I think this is a fair outcome.

I've then looked at the amount of compensation that's been offered by AIG to Miss G. It's important to say at this point that this Service doesn't impose penalties on businesses when they make errors – that is one of the roles of the regulator. What we do is look at how a mistake might have impacted on a consumer and then decide whether it would be fair to ask a business to pay compensation for any distress or inconvenience. So I've looked at what distress or inconvenience was caused by AIG, above and beyond the usual inconvenience attached to making an insurance claim of any kind.

Although this Service's approach is often to say that call wait times are an inevitable part of making contact with a business by phone, I can see that AIG has said it considers the wait times on this occasion were unreasonable. Because of that, I've considered the impact of the call wait times when deciding on compensation. The avoidable inconvenience caused to Miss G here is that she spent a long time trying to get through to AIG by phone and that she was without a phone for longer than expected, as getting a replacement device was delayed because of the failed collection and the longer than usual time taken to deem the phone beyond economical repair. Having considered everything, I agree with the amount of compensation suggested by our Investigator, so an additional £75.

If, once she returns the damaged replacement phone, Miss G is unhappy with how AIG has dealt with that matter, then she can bring it to this Service as a new complaint, after complaining to AIG in the usual way.

My final decision

It's my final decision that I require American International Group UK Ltd to pay Miss G an additional £75, bringing the total compensation to £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 11 July 2022.

Martina Ryan
Ombudsman