

## **The complaint**

Mr M complains about American International Group (UK) Limited (AIG) who declined his claim and misadvised him, under his gadget insurance policy.

## **What happened**

Mr M had two mobile phones. One that he used and the other was used by his partner. His partner's phone became damaged, and Mr M made a claim with AIG. AIG declined the claim, under the policy terms and conditions, as it said that the only phone that would be covered under the policy was the phone that Mr M directly used on a daily basis.

Mr M complained to AIG as he said that he had been told by a call handler around two years earlier that the other phone would be covered under the policy. He said that he had been misadvised by the call handler and had that phone not been covered, he would've sought insurance elsewhere.

In its final response, AIG said that the policy terms and conditions stated that there was only cover to the phone that Mr M used on a daily basis. It said that as it couldn't disprove what Mr M had said (given the passage of time and there was no call recording available) it offered Mr M £35 compensation for the lack of the call recording and the trouble this might've caused.

Mr M wasn't satisfied with the outcome and referred a complaint to our service. One of our investigators considered the complaint and partially upheld it. He said the policy terms and conditions stated that only the phone used by Mr M on a daily basis would be covered under the policy, so AIG was fair to decline the claim. His view also was that Mr M had given a testimony that couldn't be refuted and because of this he had a loss of expectation, so he recommended that AIG increase its offer of compensation from £35 to £100.

AIG ultimately accepted the view, Mr M did not. He said that he didn't believe that the proposed outcome resolved his concerns. He said that the issue wasn't the amount of compensation, but that he wanted the phone repaired and that he had been given misinformation by AIG, which wasn't fair. So, he 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'm partially upholding this complaint, for much the same reasons as our investigator. I understand that this might be a disappointment to Mr M, but I hope my findings go some way in explaining why I've reached this decision.

Mr M has stated that the main issue for him is not the level of compensation, but that he would like the damaged phone repaired. Given the indication by Mr M and that AIG has agreed to the additional compensation, I won't comment in detail, on this further. My findings will be based on the evidence that has been presented to me. I make it clear that I have taken everything into consideration, even if I might not comment on everything raised.

I have reviewed the policy terms and conditions, as this forms the basis of what was agreed between the parties.

I think the term within the policy is clear. Under the section that deals specifically with the mobile phone insurance, on the first page it states:

*'This cover is for the phone you use on a daily basis only. It does not apply to phones used on a daily basis by anyone else, including your partner or your children even if you pay the bill.'*

This is then further qualified further down, by the following exclusion term:

*'Any claim for a phone other than the one used by you on a daily basis'.*

I'm satisfied that the policy terms and conditions, indicated that the only phone that would be covered would be the phone that Mr M used on a daily basis. Consequently, his partner's phone would not be covered under the policy.

Whilst I appreciate that Mr M would be seeking a repair of his partner's phone, I can't agree that AIG were unfair to decline his claim, as it was a policy term that excluded cover.

AIG has agreed to pay Mr M £100 compensation for the misadvice that he received. And because it was unable to provide evidence of the call, in which Mr M said he was misadvised. As I have previously mentioned, I think the level of compensation is fair, but I have further reviewed whether AIG ought to repair the phone due to the loss of expectation.

When looking at this we look at the impact of the loss on the policyholder. In this complaint, the impact would be on Mr M directly and not on his partner. Mr M (as far as I'm aware has a phone that he uses) so the impact of his partner's phone being damaged is minimal against him. In addition, this complaint is between the two parties Mr M and AIG and doesn't extend to Mr M's partner. And because of this and the other reasons (mentioned above), I can't fairly ask AIG to carry out a repair or replacement of the phone, as there is no cover under the policy.

### **Putting things right**

To put matters right, I direct AIG to pay Mr M £100 compensation for the trouble and upset caused by the loss of expectation.

### **My final decision**

For the reasons outlined, I partially uphold Mr M's complaint.

American International Group (UK) Limited to pay Mr M £100 for the trouble and upset caused.

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

If American International Group (UK) Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give Mr M a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 May 2023.

Ayisha Savage  
**Ombudsman**