

The complaint

Mr B complains American International Group UK Limited (“AIG”) told him it would contribute towards his loss of earnings but then didn’t.

What happened

Mr B has a gadget insurance policy with AIG.

Mr B had a problem with his mobile phone and so he made a claim on his gadget insurance policy.

Mr B was sent five different handsets in an attempt to resolve the issue. Each time the replacement handset was faulty. And every time a new handset was sent to him Mr B had to take time off work to be at home in order to receive it.

Mr B received a letter from AIG confirming it would contribute towards his loss of earnings if he provided evidence of the loss. AIG then told Mr B it wouldn’t pay him anything in respect of the loss of earnings. Mr B wasn’t happy with the conflicting information received and so he complained to AIG.

AIG said the claim handlers Mr B spoke to throughout the life of the claim had not explained the process thoroughly. And as a result Mr B received conflicting information. AIG apologised for the inconvenience caused and paid Mr B £35 in recognition of this. Mr B was also offered a further £105 by way of an apology for the number of handsets that were sent to him during the course of the claim. This amount was not paid to Mr B due to a system error.

Mr B wasn’t satisfied with the response from AIG and so he referred his complaint to this service. Before our investigator looked into the complaint AIG revised its offer of compensation to £345 as its original offer wasn’t paid. Our investigator looked into Mr B’s complaint and said he thought AIG’s offer was reasonable for the overall impact of the service Mr B received.

Mr B said given the amount of money and time he’s lost dealing with the matter he didn’t agree with the investigator’s outcome. So the complaint has come 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 clear Mr B feels very strongly that AIG should increase the compensation offered. I recognise he feels let down by the service he has received and I can understand his frustration. It’s important to note our service doesn’t regulate or punish businesses. AIG has acknowledged there were failings in the service it provided to Mr B. So what I’ve needed to consider is whether the compensation offered is fair.

AIG hasn't explained why it sent out five faulty handsets, or why Mr B was given conflicting information about receiving a cash settlement and claiming his loss of earnings. I can accept it might be necessary for a consumer to need to take one or two days off to fix a problem. But Mr B had to take at least five days off. So I think the inconvenience and consequential loss was more than might be expected. And I think it must have been very frustrating for him to take the time off and have the inconvenience of staying in to receive a phone that was then faulty.

AIG has accepted the failure in service. The issue here is whether the compensation offered was reasonable. And based on what I've seen I think it was and is broadly in line with the awards which we make for trouble and upset as set out on our website. So taking everything into account I'm satisfied AIG has attempted to resolve Mr B's complaint fairly.

Compensation

AIG has accepted the service fell below what would be expected and has offered Mr B £345 to reflect this. I've thought carefully about the offer and consider it is reasonable in the circumstances and in line with what I would have suggested, had an offer not already been made.

Putting things right

American International Group UK Limited has already made an offer to pay Mr B £345 to settle the complaint and I think this offer is fair in all the circumstances.

My final decision

For the reasons explained above my decision is that American International Group UK Limited should pay Mr B £345.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 June 2023.

Kiran Clair
Ombudsman