

The complaint

Miss V's complaint is about the handling of a claim under a mobile phone insurance policy with American International Group UK Limited ("AIG").

What happened

Miss V made a claim under the policy as her screen needed to be repaired. She was offered the option to attend a store to have the screen repaired but they could not do the repair as they didn't have the correct parts. Miss V was told the phone would need to be sent to AIG's repairers. AIG arranged a doorstep exchange, where a courier collected the insured phone from Miss V and delivered her a replacement phone.

Miss V says she did not realise this was the process and says she thought her phone would be repaired and returned to her. She says she did not therefore back up all her information on her phone, as she thought it would be returned to her. As a result, Miss V says she has lost photographs and other data, which has caused her a great deal of emotional upset.

A few days after receiving the replacement, Miss V also told AIG that the battery was draining more quickly than it should. AIG arranged another replacement. However, Miss V is not happy with the second replacement, as she says this is also faulty. Miss V is also not happy that she has been receiving messages on her phone that there are original brand parts in the phone. Miss V talked to AIG about this. AIG told her that it would need to assess the phone but as she was out of the country at the time, they could not arrange for this to be done until she returned to the UK. AIG provided Miss V with a number to call when she returned but she says she decided she couldn't go through the stress of another replacement.

AIG says it advised Miss V during a phone conversation before the phone was collected from her that she should back up the phone. AIG said the repairer should have been able to do the repair as she had made an appointment in advance so it should have had the correct parts. AIG accepted that this caused some delay and AIG also accepted that Miss V was not properly informed of the exchange process. AIG offered £65 compensation for this.

With regard to the replacement phone, AIG said these are remanufactured and will have non-branded parts but are all checked carefully before being sent out and are of high quality.

AIG also told us that there is usually an excess payable of £29 for screen repair only, £49 for repair and £99 for a replacement phone. It waived the excess that would normally be charged for a replacement phone.

Miss V remains unhappy with AIG's response and the compensation is not enough to reflect the trouble and upset caused to her. She says AIG did not have permission to keep her phone. Miss V says that compensation of around £1,000 would be more appropriate.

One of our Investigators looked into the matter. He recommend that the compensation be increased to £100, as mor in line with the outcomes of other similar cases.

Miss V does not accept the Investigator's assessment. She says her phone, with original branded parts was stripped but she received one with non-original parts. Miss V said the minimum compensation she'd accept is £350.

As the Investigator was unable to resolve the complaint, it 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.

Claim process, communication and lost data

AIG has agreed that the store should have been able to repair the phone when Miss V attended. Its notes say there was some internal damage as well but it says it was irreparable because of lack of correct parts.

AIG arranged for Miss V's phone to be exchanged but it also accepts that it did not clearly explain to Miss V what the process would be and that she would not get her phone back.

It has an obligation to provide clear and fair information to its customers including during the claims process. In the context of this case, I think that means it should have explained to Miss V that her phone was being exchanged and she would not get it back.

I have to now consider what impact the failure to explain this properly had on Miss V.

I think it is likely Miss V would have agreed to the replacement of the phone, if she had correctly been told AIG could not repair the phone. There was some internal damage as well as damage to the screen. However, Miss V says she lost important data because she didn't back up the phone fully, as she thought it was going to be returned to her.

AIG says Miss V would have received an email telling her how to prepare her device for repair, including "*back up all of the data you want to keep, such as photos, music, videos and other files*". Miss V disputes she received any advice until she phoned to make enquiries. The call took place before the phone was collected and Miss V was asking what she needed to do to prepare the phone and when she'd get the phone back.

I have listened to that call between Miss V and AIG. Miss V was told that she should unlock the phone and remove and back-up as much as possible from it. She was not told that she would not get the phone back; instead AIG's adviser is also under the impression it is to be repaired and returned to her. I accept that Miss V might well have backed up her phone properly if she had known it was not going to be returned. However, even though she should have been told the phone would not be sent back to her, as she was advised to back-up the phone, I cannot reasonably conclude that the failure to do so was entirely AIG's fault.

Quality of replacement phone

As with most (if not all) mobile phone insurance policies, this one provides that any replacement phone may be provided from remanufactured stock, which may contain non-original or unbranded parts. This is not inherently unreasonable, as it is a like-for-like insurance policy, rather than new-for-old. So AIG was entitled to send a remanufactured

handset and any remanufactured ones come with a warranty as well. However, any such replacement should not be faulty.

AIG replaced the phone once and offered to assess the second replacement. I think its response to this was reasonable and do not think it needs to do anything more in this regard. I also note that Miss V has explained that the fault with the second replacement phone was that the screen was brown but this has stopped.

Compensation

Miss V was caused some unnecessary inconvenience and upset, by the handling of this matter. There was a lack of clear communication and she did have to have a second replacement phone. But, for the reasons given above I do not think it is responsible for the loss of data.

Having considered everything, I agree with the Investigator that the total sum of £100 (to include the £65 already offered) is appropriate. So if AIG has already paid that, it only needs to pay the remaining £35.

My final decision

I uphold this complaint against American International Group UK Limited and require it to pay Miss V the total sum of £100 (to include the £65 already offered) as compensation for the distress and inconvenience caused by its handling of this claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss V to accept or reject my decision before 25 July 2023.

Harriet McCarthy
Ombudsman