

The complaint

Mr M complains about American International Group UK Limited's handling of claims made after he lost mobile phones.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here.

Mr M has an insurance policy underwritten by AIG which covers his mobile phone.

In May 2023, he made a claim after his iPhone 14 Pro Max was stolen. AIG accepted the claim and sent Mr M a replacement phone in mid-June 2023.

Mr M reported that the screen on his replacement phone was cracked, so AIG arranged for a delivery company to pick up the damaged phone and provide Mr M with another replacement.

AIG say the phone Mr M sent back wasn't the iPhone 14 Pro Max they'd provided – it was an earlier model. They tried to contact Mr M to discuss this, without any success at first. In the meantime, Mr M made another claim – in mid-July 2023 - for the latest replacement, saying it had been lost.

AIG told Mr M they wouldn't deal with his latest claim unless and until the issue about the previously returned phone was resolved. They wanted Mr M to pay them for the phone they said he hadn't returned.

Mr M wasn't happy with this and made a complaint to AIG. And when they maintained their position, Mr M brought his complaint to us.

He wants AIG to process the latest claim - and to accept that he had in fact returned the correct phone in June 2023. He also believes AIG have refused to share evidence in their possession relating to the exchange in June 2023.

Our investigator looked into it and upheld the complaint in part. They said it was likely on balance that Mr M had returned the wrong phone in June 2023. But that didn't mean that AIG could leave the latest claim unresolved until Mr M paid for the phone he ought to have returned.

They said AIG should consider the latest claim and decide whether they were going to settle it or not. But if they agreed to pay out on the latest claim, it was reasonable for them to offset that payment against any money owed to them by Mr M for the non-returned iPhone 14 Max Pro.

AIG accepted our investigator's view. Mr M did not and asked for a final decision from an ombudsman. He thinks it's fair for AIG to process the latest claim, but he doesn't agree that they should be able to offset any pay out against the money AIG say he owes them – because he did, he says, return the correct phone in mid-June 2023.

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.

The exchange of phones in mid-June 2023

Our investigator explained to Mr M and AIG why they felt that on balance the evidence suggested Mr M had returned the wrong phone in mid-June 2023. I don't intend to repeat the detail of that explanation again.

Suffice to say, the delivery company have provided a photograph of the phone they say they picked up from Mr M. The phone in the photograph is clearly not an iPhone 14 Max Pro.

The file name for the photograph matches the consignment number for the delivery to Mr M and the tracking number for that delivery.

The delivery company have confirmed for us that they don't check the goods delivered and/or returned or record what the contents of any package are. But they do take a photograph of anything they're asked to return.

That suggests that neither AIG nor the delivery company have access to any other records or information that they haven't provided to Mr M in this case – which was one of his complaint points.

It also suggests that either Mr M returned the wrong phone or the delivery company and/or AIG are deliberately and intentionally engaging in criminal activity, if not a criminal conspiracy, to defraud Mr M.

Given that there is absolutely no evidence to suggest the latter is true – and given that it is inherently unlikely – I agree with our investigator that on balance the most likely explanation is that Mr M returned the wrong phone. I make no comment at all on whether that may have been intentional or a mistake.

I don't think it's unreasonable then for AIG to conclude that Mr M in effect owes them an iPhone 14 Max Pro. Presumably they'll return the earlier model in the photograph to Mr M once he settles that bill.

Mr M has very recently sent us a copy of an email from AIG which says they will consider asking the delivery company to open a further investigation into the matter. If AIG wish to do that – and remain open to changing their stance if new evidence emerges – then that's up to them and no-one could accuse them of being unreasonable.

However, I don't think that, as things stand, it's unfair or unreasonable for AIG to conclude that Mr M sent them the wrong phone back based on the evidence currently available.

The latest claim

I agree with our investigator – and AIG have also now accepted this – that AIG can't just leave the latest claim in limbo whilst they wait for either new evidence to emerge or (more likely) Mr M to pay them what they say he owes after he didn't return the correct phone.

Mr M has paid his premiums and his policy has not been voided or cancelled. So, he has a right to think that any claim will be considered on its merits. I needn't labour this point because it seems to me that all parties now agree with our view that AIG should consider the

claim.

I make no comment at all on what the outcome of that claim might be. As our investigator pointed out, if Mr M doesn't like the outcome, he can make a complaint to AIG about that – and then bring it to us if he isn't satisfied with their response.

To get to the crux of this issue, given that I've concluded (see above) that Mr M likely returned the wrong phone in mid-June 2023, it follows that it would not be unreasonable or unfair for AIG to offset any pay out on the most recent claim against the money they say Mr M owes them for not returning the previous iPhone 14 Max Pro.

Of course, that may change if AIG *do* carry out further investigations through the delivery company and find further evidence or information to make them change their minds about the exchange of phones in mid-June 2023. But as things stand, I think they'd be entitled to offset any pay out on the latest claim against the phone which was likely not returned in mid-June 2023.

Putting things right

To put things right for Mr M, AIG must now consider his latest claim and tell Mr M whether they will settle it or decline it.

To be clear, they must not refuse to consider that claim until the issues with the previous claim are resolved.

My final decision

For the reasons set out above, I uphold Mr M's complaint in part.

American International Group UK Limited must consider - and make a decision about – Mr M's latest claim relating to his lost mobile phone.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 October 2023.

Neil Marshall
Ombudsman