

## **The complaint**

Mr D complains about American International Group UK Limited (AIG) who declined his claim under his gadget insurance policy.

## **What happened**

Mr D had cover for two devices with AIG. During the registration process Mr D said that AIG automatically classed one of his devices as a tablet, and cover was provided. Mr D had to make a claim as the screen on the device was damaged. Once the claim had been made, AIG re-classified the device as a mobile phone.

AIG said that the reason why the claim was declined was due to the policy terms and conditions, because cover wasn't provided for phones with screens that measured diagonally seven inches or over. AIG said as the screen on Mr D's phone measured over eight inches diagonally, the claim was declined.

Mr D raised a complaint as he said that the device had always been classed as a tablet and it was a tablet. He said it was only at the point of when he made a claim, that AIG re-classed the device as a phone. Further, although the device had two screens, when each was measured individually, they measured less than the seven inches. So, he asked AIG to accept the claim.

In its final response, AIG maintained that it was fair and reasonable to decline the claim, as there was no cover for phones with screens over seven inches. And when the device was unfolded, the screen size was over seven inches.

Mr D was given his referral rights and referred a complaint to our service. One of our investigators considered the complaint and didn't think it should be upheld. She said that AIG had provided enough evidence to show that the screen was over the seven inches as per the policy exclusion term. She also felt that the device was a mobile phone device. So, she concluded that AIG was fair to decline the claim.

AIG accepted the view. Mr D did not. Essentially, Mr D said that the device was not a mobile phone, but a tablet with two screens. He said that when he registered the device with AIG, it classed it as a tablet. But when he made a claim, it was re-classed as a mobile phone. He said that it was a tablet and not a phone. He provided evidence from the device manufacturer that classed it as a tablet. He said that as it was a tablet the claim shouldn't have been declined. 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.

I considered the complaint, and I thought the complaint should be upheld. I issued a provisional decision on 3 August 2023 and asked both parties to send me anything else by 31 August 2023. In my provisional decision I said:

*I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of the complaint.*

*Having done so, I'm minded to uphold this complaint. And I hope my provisional findings explain why I think this is fair.*

*I have considered all the comments from both parties, as well as the policy terms and conditions. I think the main issue of this complaint is whether the device ought to be considered a mobile phone or not.*

*AIG said that because Mr D's device had two screens that measured over seven inches there was no cover under the policy. It accepted that on registration of the device, it had classed it as a tablet. But, when Mr D made a claim, it re-classified it as a phone, with a screen that exceeded the requirements under the policy. It relied on the policy exclusion term as the reason why the claim was declined.*

*Mr D said that the device was a tablet and not a phone. He said that when he registered the device, on the AIG system, it registered it as a tablet. I haven't seen any evidence from AIG that at the point of registration, the device wasn't registered as a tablet. And AIG accepted that this was the case.*

*Mr D also relied on and has provided me with the device manufacturer's information about the device and it confirms that the device is a tablet.*

*AIG said that the device was a phone and relied on the same device manufacturer's information. But only relied on one line in the document that states that the device is: 'a thin and light mobile device'. And because of this the device was a phone.*

*But I've read the full information and I'm not persuaded that the device is a phone. I'm persuaded that the device is a tablet that has a phone app on it that would then allow the user to make and receive calls. The information from the device's manufacturer explains that the device can only work as a phone if a phone app is downloaded to it and in conjunction with a PC. If there is no phone app installed it can only work as a tablet. In other words, its main function is not that of a phone. I haven't been provided with any expert evidence from AIG that is contrary to this.*

*Further, Mr D has also provided other retailers who sell the device, and those retailers retail it as a tablet. Consequently, I'm persuaded that the device was a tablet and not a phone. If AIG has evidence that supports its contention that the device is a phone, then I will consider it.*

*I have further reviewed the policy terms and conditions and I can see that tablets are covered under the policy. Consequently, I think AIG were unfair to decline the claim. And to put matters right, I think AIG ought to accept the claim. I'm satisfied that Mr D suffered from a level of stress and inconvenience due to AIG not accepting the claim. So, I think is fair for AIG to pay Mr D £100 compensation for the upset caused.*

Responses to my provisional decision

AIG accepted the provisional decision. But said that as the device was no longer stocked and as the device was unavailable from the manufacturer, it believed that any repairer would also find it difficult to source parts. So, it offered a cash settlement.

Mr D said that the provisional decision was broadly fair. But he felt that as he had been embarrassed by having a damaged device, this caused him significant distress. He also said that he had to spend extensive efforts to prove that AIG had unfairly applied its own policy and that the device had lost its functionality. So, he expected more than the £100 recommended compensation.

I have carefully considered Mr D's responses to the provisional decision. Whilst I note that essentially both parties have accepted the proposed outcome, I understand that Mr D is seeking a far greater amount of compensation.

I have reviewed our services guidance on compensation awards. And I'm satisfied that Mr D suffered from more than the levels of frustration and annoyance you might reasonably expect from day-to-day life, and that the impact was more than just minimal. But I am also satisfied that the recommended level of compensation comes within our services guidelines. I say this as AIG's errors did cause Mr D some distress and inconvenience. As such, the £100 compensation, I think is fair and reasonable. And I won't be recommending anything higher.

AIG has said that it will settle the claim with a cash settlement, as it was unable to replace the device due to it no longer being manufactured. I note that Mr D, when he referred his complaint to our service, indicated that a cash settlement would be one outcome that would be acceptable. Accordingly, I think that as AIG has accepted the recommended outcome, I think it's fair for it to settle the claim with a cash settlement.

### **Putting things right**

To put matters right, I direct AIG as below.

### **My final decision**

For the reasons given, I uphold Mr D's complaint.

To put matters right, American International Group UK Limited to:

Provide a cash settlement for Mr D's device.

Pay Mr D £100 compensation for the trouble and upset caused.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 22 September 2023.

Ayisha Savage

**Ombudsman**