

The complaint

Mr B is unhappy with what American International Group UK Limited did after he made a claim on his mobile phone insurance policy.

What happened

In May 2023 Mr B made a claim on his policy with AIG for damage to his phone after it had been dropped. The claim was accepted. After repair the device was returned to him on 9 June. On 14 June he called AIG to say the phone wasn't working and the power button was broken. He asked if AIG would pay for the store he was in to repair it.

AIG said he could return the phone to it for a repair under warranty. Mr B was unwilling to do that as he was going abroad that evening and needed a phone. He purchased a new phone and subsequently asked AIG to reimburse the cost of that. It didn't agree to do so.

Our investigator said under the terms of the policy AIG were entitled to use non-standard parts in a repair. And she thought AIG were right to offer a repair under warranty when Mr B contacted it. It wasn't responsible for the fact this couldn't be completed before Mr B went abroad. But having reviewed the evidence he thought the phone had been faulty when returned to Mr B. And he'd been put to some unnecessary distress and inconvenience in resolving matters for which AIG should pay him £100.

Mr B didn't agree. He said the phone shouldn't have been returned in the condition it was and it couldn't have been repaired. He thought AIG should provide him with a new phone. AIG didn't agree either. It said Mr B hadn't followed the policy terms as they related to a warranty repair and it hadn't had the opportunity to inspect his phone as part of that process. It queried how we'd therefore concluded it had been returned to him with a fault and didn't agree to the proposed compensation.

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've reviewed the terms and conditions of Mr B's policy. It says for accidental damage and breakdown claims *"If Your Mobile Phone is Damaged or experiences Breakdown [insurer's agent] will repair the Mobile Phone wherever possible or replace the Mobile Phone"*. And it says the repair will be carried out *"using readily available parts"*.

It goes on to explain that where AIG has carried out a repair *“these parts and repairs will have a 24-month warranty”* And it says *“In the unlikely event that the replacement phone You receive has damage when you receive it, You must notify [insurer’s agent] within 72 hours of accepting the delivery. If You notify [insurer’s agent] later than this, they may deem the damage to have occurred after the phone was received by You”*.

In this case Mr B says the initial repair to his phone by AIG wasn’t carried out properly and it was defective when returned to him. That repair is covered by the above warranty and I don’t think it’s unreasonable that AIG asked for the phone to be returned to it so it could inspect it and, if required, carry out a further repair under the terms of that warranty. I appreciate that Mr B didn’t feel he was in a position to do that because he was going abroad but I don’t think that’s something AIG is responsible for, particularly as he didn’t contact it until five days after the phone was returned to him.

Mr B says there was no point in returning the phone because it couldn’t have been repaired but I don’t think the other evidence supports that. The store he took it into weren’t prepared to carry out the repair but that was because non-standard parts had been used in the previous repair meaning it wouldn’t pass post repair diagnostics. That doesn’t evidence the phone couldn’t have been repaired if returned to AIG. And I think it would have been reasonable of Mr B to give it an opportunity to do so.

Nevertheless, I do agree AIG should have carried out a correct repair of the phone when it was first sent back to Mr B. I’ve thought about whether the evidence shows it did so or not. I accept that because Mr B hasn’t returned the phone to it (and I understand no longer has the device) it’s more difficult to establish this. However, I think the report from the professional at the reputable store Mr B took his phone into is something I can reasonably rely on here. And that confirms *“the side button is sunken and non functional”*.

I appreciate it’s possible something could have happened to the device after the repair had taken place. I also accept, as I’ve said, that Mr B didn’t contact AIG until five days after the phone had been returned to him (which is outside of the timeframe set out in his policy). But I’ve also taken into account that the report he’s provided comments on the condition of the device more generally and doesn’t say there’s any other damage to it beyond *“signs of normal wear and tear to display and enclosure”*. I think if something had subsequently happened to the device to cause the side button to be sunken and non functional it’s likely there would also be evidence of damage to the rest of the unit which isn’t the case here.

Taking all of that into account, and on balance, I think it’s reasonable to say there was an issue with the phone when it was returned to Mr B and the repair AIG carried out hadn’t been completed properly. And Mr B was then put to some unnecessary inconvenience in resolving matters. I think in the circumstances it’s fair AIG makes a payment of £100 to recognise the impact of that on him.

My final decision

I’ve decided to uphold this complaint. American International Group UK Limited will need to put things right by paying Mr B £100.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or reject my decision before 15 December 2023.

James Park
Ombudsman