

The complaint

Miss T is unhappy with what American International Group UK Limited did after she made a claim on her mobile phone insurance policy.

What happened

In July 2023 Miss T contacted AIG to claim on her policy as her phone had a damaged front and back screen and there was a problem with the speaker. The claim was accepted and a repair carried out. Miss T then contacted AIG and said there were problems with the repair. It advised her to return to its agent so these could be investigated under warranty.

When she did so the agent found there was further damage to the phone (a crack and scratching on the back screen) so it wouldn't carry out a warranty repair. Miss T was unhappy with that and also complained that as part of the initial repair AIG had replaced the battery in her phone which wasn't what she'd requested.

Our investigator thought that AIG acted in line with the policy terms in using unbranded parts as part of the repair to Miss T's phone. And he thought it was reasonable it didn't carry out work under the warranty once it was established the phone had suffered further damage after the initial repair. He thought it was reasonable as part of that repair it had replaced the battery to ensure the phone passed qualify checks.

Miss T didn't agree. She made clear her issue was not about unbranded parts being used or the warranty repair and she'd only included this as background. Her concern was the battery had been removed and replaced when she'd only requested a screen repair. She didn't think that was allowed under the terms of her policy and she hadn't been told it would be done. So I need to reach a final decision.

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 relevant rules and industry guidelines say AIG has a responsibility to handle claims promptly and fairly. It shouldn't reject a claim unreasonably.

Miss T made clear in response to our investigator that she accepts AIG is entitled to use unbranded parts in the repair of a phone and that's something she was aware of. She also says she's not complaining about the decision not to carry out a further repair under warranty.

But, for completeness, I can see the policy does enable AIG to use non standard part in a repair and I think it's acted fairly in doing so in this case. And I think it was reasonable of AIG to decline to carry out further repairs under Miss T's warranty. That's because further damage had been caused to the phone after the initial repair meaning AIG wasn't in a position to establish whether the issues Miss T reported related to the original repair or something else.

Turning to what Miss T has highlighted as the key issue, I don't think it's in dispute that, as part of the initial repair, the battery in her phone was replaced. I understand Miss T's point which is that her claim wasn't for a replacement battery but for damage to the front and back screen. And she's queried where in her policy it specifically says AIG are able to do this.

I don't think her policy does contain a specific term in relation to this. But what the policy covers in relation to a damage claim is the repair of the device. It says "*If Your Mobile Phone is Damaged or experiences Breakdown, [Agent] will repair the Mobile Phone wherever possible or replace the Mobile Phone*".

And in order to properly fulfil its repairing responsibilities under the policy I think it's reasonable of AIG to look beyond the specific items of damage claimed by a consumer. That enables it to establish if the cause of the damage has led to additional problems which might not be immediately apparent. Not doing so could lead to a phone being returned to a consumer which wasn't in proper working order because items of damage not claimed for hadn't been repaired. I don't think AIG would be correctly fulfilling its responsibilities under the insurance contract if it allowed that to happen.

In this case AIG says the battery was tied to the rear screen so it needed to be removed as part of the rear screen replacement. And its technician has explained that as the phone had been dropped causing damage to the back glass it was likely this would also impact the functionality of the battery. So they'd replaced the battery in order to ensure the quality of the repair. I think AIG has provided a reasonable explanation for why it acted as it did and I don't think it's done anything wrong here.

I appreciate Miss T says she wasn't told the battery would be replaced prior to the repair taking place but I don't think the policy places any requirement on AIG to inform her of that. And it isn't something I'd expect it to have done in this case. As I've already said I think it's repairing responsibilities under the policy would reasonably be understood to extend beyond the specific issues raised by a consumer to other issues caused by the damage which could impact the functionality of the phone.

My final decision

I've decided not to uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 13 March 2024.

James Park
Ombudsman