

The complaint

Mr A complains American International Group UK Limited trading as AIG UK (AIG) handled a claim for a damaged phone unfairly under a mobile phone insurance policy.

What happened

Mr A held a mobile phone insurance policy through his bank which was underwritten by AIG.

The Investigator set out her understanding of the complaint and recommendation that it shouldn't be upheld as follows:

*"I've considered the terms and conditions of your policy to understand what AIG was supposed to do when it accepted the claim to repair your phone. The terms state **"If your Mobile Phone is Damaged or experiences Breakdown, [AIG] will repair the Mobile Phone wherever possible or replace the Mobile Phone. If the same make and model of Your claimed Mobile Phone is not available, we will contact you to discuss alternative options, which may include a replacement Device with equivalent specifications."***

The terms state a repair will always be offered wherever possible and go on to say ***"Repairs will be made in accordance with the following: (i) using readily available parts, (ii) with refurbished products which may contain parts which are of similar or equivalent specification, and which may include non-original, third party, or unbranded parts, and/or (iii) may be performed by non-authorized OEM repair providers. [AIG] will provide a twenty-four (24) month warranty on the completed repair performed on the Device."***

When AIG replaced your iPhone 13, it also replaced the battery and the front screen. You confirmed you didn't ask for this and the claim notes confirm the claim was only in relation to the back that was smashed.

We asked AIG why its technician replaced these parts. The response said ***"The battery on this device is attached to the back glass so when this is removed from the device you do have to also remove the battery. Once a lithium battery has been removed from a device it is unsafe to reuse and put back in a phone. For this reason, to abide by health and safety regulations surrounding lithium batteries this did need to be replaced."***

In regards to the screen being replaced, the screens on these devices are so fragile that they can become damaged during the repair process, in the event that this happens our technician will replace the screen in order to return the device back into a fully functioning working order."

I think replacing parts which AIG thought might have been damaged (whether by the accident or resulting repair) or that might be a safety risk was reasonable in the circumstances.

You provided a link to a video [online] showing the removal and repair of the back of a smashed iPhone 13. The person in the video is removing the smashed back using a small chisel tool and a handheld hot air tool. Applying the heat to loosen the back, the person uses the chisel to break and lift the pieces away.

Whilst the video shows a technique to removing the smashed back, we don't know if this is a recognised repair method or if it's the only way this type of damage can be addressed. The video itself doesn't prove that what the technician said is incorrect nor does it demonstrate that the components that were replaced didn't need to be. Without contrary evidence from a suitably qualified expert, we couldn't safely dispute what the technician has told us.

I appreciate you're unhappy with AIG's conduct in how it carried out the repair and you feel strongly it breached its duty of care, however, the policy isn't specific to any particular make or model of phone. The policy doesn't say the replacement parts will be parts made or supplied by your phone manufacturer. Therefore, AIG didn't have to use replacements from the phone's manufacturer. Therefore, AIG acted in accordance with the policy terms and conditions, I'm unable to ask it to do anything differently to resolve your complaint."

Mr A didn't agree with the Investigator. He provided another online video which he says supports AIG's repairs were unnecessary and the battery isn't attached to the back glass casing as AIG suggests. He maintained AIG were required to replace the back casing only, and its further repairs he didn't consent to using third party parts prevented him from part exchanging the phone with the manufacturer.

As an agreement couldn't be reached, the case has been passed to me for a 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.

Having done so, I've reached the same overall conclusion as the Investigator, for broadly similar reasons. I say this for the following key reasons:

- I find the policy terms in relation to repairs cited above are clear and not unusual based on similar policies I've seen. In essence, it says that repairs can be done using refurbished products which may include third party, unbranded, and non-original parts. Therefore, I'm satisfied AIG carried out repairs in the way the policy allows it to.
- The policy term in relation to repairs is a significant term because it sets out how AIG will settle claims involving repairs, and AIG ought to have drawn Mr A's attention to it at the point of sale. I'm not satisfied it did this having reviewed the Insurance Product Information Document – the document that summarises the key information relating to the contract of insurance entered into by Mr A with AIG.
- But I've also thought about whether AIG highlighting this term at the point of sale would have caused Mr A to do anything differently then. And having done so, I'm not persuaded he likely would have done given most policies such as this one operate in the same way as one another, and therefore, it's unlikely Mr A would have found an alternative policy that provided cover for repairs using only manufacturer parts.

- I don't find the online videos provided by Mr A demonstrates the method used by AIG's technicians was wrong or inappropriate on the basis these videos show a third party using an alternative method of repair. Rather, I'm more persuaded AIG acted fairly when relying on the comments from its technicians that had worked on Mr A's phone, and completed the subsequent repairs, to conclude the battery and front screen repairs were required to return the phone back to working order.
- And in any case, AIG has said had its technicians repaired Mr A's phone in the way he expected them to (by replacing the back glass case only), it's likely Mr A would have received the same information from the manufacturer regarding the use of third-party parts when requesting a part exchange. I find this was a reasonable conclusion for it to make given the policy still would have allowed AIG to carry out repairs using third party parts – even if technicians only replaced the back glass case.
- Mr A has said he could have had the repairs done by a phone shop which I accept. But unless the phone shop were authorised to complete repairs using manufacturer parts (which AIG's technicians weren't), then it's likely he would be in a similar position to the one he was in following AIG's repairs. Another option available to Mr A could have been to approach the manufacturer directly to arrange repairs prior to part exchanging the phone. But it's likely this would have come at a greater cost to him – over what another party would charge to repair using non-manufacturer parts.
- Here – Mr A decided to claim under the policy for the repairs and I'm satisfied, based on the available evidence, AIG settled it fairly and reasonably, and in line with the policy terms. Therefore, it follows that I don't require AIG to take any action.

I accept my decision will disappoint Mr A. But it ends what we – in attempting to informally resolve his dispute with AIG – can do for him in respect of this complaint.

My final decision

For the reasons I've mentioned above, I've decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 September 2024.

Liam Hickey
Ombudsman