

The complaint

Mr B has complained that American International Group UK Limited (“AIG”) has declined a claim made under his personal accident policy/

What happened

The background to this complaint isn’t in dispute. In 2010 Mr B was injured in his military role. He was medically downgraded and left the military in 2013.

AIG declined the claim because the policy terms state loss of usual occupation must occur within two years of the date of the incident – this would have been by March 2012.

Unhappy Mr B referred his complaint to this Service. The investigator didn’t recommend that it be upheld. She didn’t find that AIG had treat Mr B unfairly.

Mr B appealed.

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 summarised the background to this complaint and some sensitive medical details, no discourtesy is intended by this. Instead, I’ll focus on what I find are the key issues here. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. I recognise that Mr B will be disappointed my decision, but I agree with the conclusion reached by our investigator for the following reasons:

- The relevant regulators rules say that insurers must handle claims promptly and fairly. And that they mustn't turn down claims unreasonably. So I've taken those rules into account, along with other relevant considerations such as the contract terms and the relevant regulatory guidance and principles, when deciding whether I find AIG has treated Mr B fairly. Having done so I've reached the same conclusion as our investigator. I'll explain why.
- The policy terms provide: *If during the period of cover you suffer bodily injury which, within **two years** solely and independently of any other cause, results in death, permanent disablement, specified burns, specified fractures, hospitalisation or flesh wounds, we will pay the total sum insured payment will be made to you (my emphasis).* Mr B is claiming permanent total disablement from his usual occupation. This is defined a military service of any kind. I find the policy term to be clear.
- Mr B was employed in the military for more than two years following his injury. I do accept that he was permanently downgraded, and due to his injury unable to continue in the capacity in which he had served before the injury. Mr B has said that following his injury his time in the military consisted or rehabilitation and a language course. But the policy term requires total inability to perform *any* role within the

military – and within two years. I understand Mr B was employed for three years after his injury. So on the evidence before me he didn't meet those criteria. For the avoidance of doubt this is not to say that he doesn't have a permanent significant physical limitation – just that he didn't meet the policy requirements for benefit to be paid.

- In the circumstances I don't find that AIG have treated Mr B unfairly or contrary to his policy terms by declining his claim. I'm sorry that my decision doesn't bring Mr B welcome news.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 2 January 2025.

Lindsey Woloski
Ombudsman