

The complaint

Mr A has complained that American International Group UK Limited (AIG) unreasonably refused to pay his claim for the theft of his mobile phone under his mobile phone insurance policy.

What happened

On 30 June 2024, Mr A said he had called a taxi via an app, it was at 1.46am. Then two individuals approached him. One snatched his mobile phone from its security case which was around his neck and the other blocked his path threatening him with a knife visible under their sweatpants. Then his taxi arrived and to get away from the situation, he said he jumped into the taxi he had ordered and was driven home.

He arrived home at 2.39am. He said he was unable to log into his Apple ID despite using the correct password. Later he discovered Apple had emailed him to say his Apple ID had been changed and the 'find my phone' disabled. He sent this plus the fact his provider had shown his phone was now blacklisted to AIG along with proof of usage and the police report. AIG declined to accept his claim. Mr A said his phone was open when it was taken as he was viewing the taxi app waiting for his taxi to arrive. So somehow the thieves then changed his Apple ID plus turned off his 'find my phone'. They also got into his banking apps other apps and stole funds from these accounts. All the banks and other entities refunded Mr A to include reversing credit taken out in his name so none of these entities believed Mr A was at fault with his mobile phone security.

As Mr A remained dissatisfied, he brought his complaint to us. The investigator didn't think AIG had done anything wrong. This is because the 'find my phone' and connection to the policyholder's Apple ID must remain associated throughout the theft. Mr A received notifications from Apple after the theft that his password was changed at 2.11am and the 'find my phone' was switched off at 2.12am on the night of the theft. Whilst AIG asked him how the thieves managed to do this; Mr A simply didn't know but he suspected it might have been that his phone was open on the taxi app when it was snatched. So, the investigator decided Mr A hadn't done enough to show how the thieves accessed Mr A's passcode to change the Apple ID and indeed turn off the 'find my phone.'

Mr A remained dissatisfied, so his complaint was passed to me to decide.

I issued a provisional decision on 1 May, and in view of AIG's comments on my provisional decision I've synthesised it as follows:

'Mr A was the victim of an aggravated theft given he was threatened with a knife by the thieves which must have been a very frightening experience. Along with the theft of his phone, Mr A had funds stolen from his bank accounts and credit taken out in his name. This was all refunded and sorted out by the relevant banks and financial entities, so Mr A doesn't remain out of pocket.'

The policy provides the following:

'AppleCare+ with Theft and Loss covers You for repair or replacement of Your device in the event of Theft or Loss, Accidental Damage or Battery Depletion and access to Technical Support from Apple (as set out in clause 4.5).

...

"Insured Event" means (a) Theft or Loss of Your Covered Equipment and/or (b) Accidental Damage to Your Covered Equipment and/or (c) Battery Depletion and/or (d) the need to use Technical Support, which occurs during the Coverage Period.

...

"Theft" means the unauthorised dishonest misappropriation of Your Covered Equipment by another person with the intention of permanently depriving You of Your Covered Equipment.'

I considered Mr A has provided sufficient detail to confirm the loss of his phone is from a violent theft and is indeed an 'insured event' under this policy.

The policy goes on to say the following:

"Theft and Loss Coverage" means the cover providing for replacement of Your Covered Equipment due to events of Theft or Loss. You must have Find My enabled on Your Covered Equipment at the time of the Theft or Loss. Find My must remain enabled, and Your Covered Equipment must remain associated with Your Apple ID, throughout the Theft or Loss claims process.

...

Theft and Loss Coverage. If You make a valid claim under the Theft and Loss Coverage element of this Policy, AIG will arrange for Apple to supply a replacement for the Covered Equipment with a new Apple-branded device or device comprised of new and/or previously used genuine Apple parts that have been tested and pass Apple functional requirements. All replacement products provided under this Policy will at a minimum have the same or substantially similar features (e.g., a different model with the same features, or the same model in a different colour) as the original Covered Equipment (subject to applicable Consumer Software updates). The replacement Apple-branded device will become the new Covered Equipment under this Policy. In the event of a replacement, and where your lost or stolen device is subsequently recovered, You must return the original device to Apple or the Apple Authorised Service Provider who will keep the original Covered Equipment. Apple or the Apple Authorised Service Provider may use Covered Equipment or replacement parts for service that are sourced from a country that is different from the country from which the Covered Equipment or original parts were sourced.

The Covered Equipment can only be replaced and no cash benefit will be payable by AIG if You make a claim.'

I was of the view that Mr A had shown that his Apple ID and 'find my phone' were on at the time of the theft but were changed and switched after the theft occurred. I consider that Mr A had no ability to ensure the Apple ID and the 'find my phone' weren't tampered with once his phone had been stolen with force. Mr A explained his phone was open at the time of the theft as he was looking at the taxi app waiting for it to arrive. I consider it can't be reasonable to have expected Mr A to have retained control of his phone after it was stolen. Mr A explained when he got home, after 2.30am, he couldn't log into his Apple ID at all despite using the right password.

Mr A said the next morning, he went to his network provider store to block his SIM card to prevent further misuse. He obtained a replacement SIM which restored his access to SMS and calls. He then went to an Apple store to seek advice on how to claim on this policy, to include reporting the theft and ensuring he got the right documents. At this stage he wasn't aware he had been compromised. That only happened when he inserted his replacement SIM into a replacement mobile phone. Then he saw that he missed critical emails and notifications about the unauthorised changes to his Apple ID. Given his phone was stolen and his Apple ID changed there wasn't any way for him to intercept or respond to the alerts at the time they were sent.

So, Mr A had blacklisted his stolen phone as required. He also obtained a police report as required along with proof of usage and anything else that was required. Unfortunately, he had no control over the method used by the thieves to change his Apple ID and indeed turn the 'find my phone' off.

Mr A provided his own research to us to show how the media in general were increasingly reporting security manipulation of all sorts of electronic devices.

Mr A has shown his Apple ID was changed and the 'find my phone' function was switched off after his phone was stolen, not before. He's also told us that he was using his phone at the time it was stolen as well as he had ordered a taxi through the taxi app. For all anyone knows it could just be that the thieves were watching and saw him enter his passcode to access the taxi app and took their chances in stealing his phone. More sophisticated methods may well have been necessary to steal from Mr A's bank accounts.

So, I consider Mr A did not do anything to his Apple ID or 'find my phone' function and that both were on and working at the time of the theft. Therefore, since the theft has been proved, I consider this policy should now respond to Mr A's claim in replacing Mr A's phone in accordance with the remaining policy terms.

I consider Mr A has suffered considerable distress and upset in addition to the actual theft itself by the declination of his claim by AIG so I consider it should pay him £300 compensation.'

Mr A accepted my provisional decision. And ultimately AIG agreed the provisional decision also.

However, AIG said it was aware the 'find my phone' function can potentially be deactivated where the thief has access to the phone security passcode or where a customer is forced to disclose it. It said Apple then sends an immediate email to the customer's Apple email address or recovery email address to notify of the password or code change. It agreed Mr A provided this to AIG, but the claims assessor wasn't able to open the file. Mr A then provided screen shots of the relevant email notification, but unfortunately his claim wasn't reviewed after that. So, AIG made an error. Therefore, it now accepts the claim and the outcome of

the provisional decision.

AIG went on to say that it felt parts of what I said in the provisional decision should be removed as it was based on hearsay and wasn't proven.

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 again, I'm pleased that AIG is now prepared to accept Mr A's claim. It goes without saying that its adviser's mistake in not reviewing the claim after Mr A sent the required Apple email should have formed part of its submissions to us when Mr A brought his complaint here. That in turn would have significantly reduced the distress and upset Mr A suffered given AIG's persistent refusal to accept his cogent claim.

As for AIG's comments on what I said in my provisional decision, may I remind AIG that it is not within its gift or authority to dictate what any ombudsman writes in their decision, in the manner it did here. Our rules specifically advise that neither party can make such requests or demands as otherwise we would not be independent or undertaking our statutory duty properly. However, as these comments have no bearing on the eventual outcome, I have decided to synthesise the contents of my provisional decision instead of repeating it word for word as is more normally the case.

My final decision

So, for these reasons, it's my final decision that I uphold this complaint.

I now require American International Group UK Limited to do the following:

- Reconsider Mr A's claim under the remaining terms and conditions of the policy which I understand is to replace his stolen phone.
- Pay Mr A the sum of £300 compensation for the distress and inconvenience it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 June 2025.

Rona Doyle
Ombudsman