

## **The complaint**

Mrs D is unhappy that American International Group UK Limited (AIG) declined to fully settle her personal accident claim.

## **What happened**

Mrs D has a personal accident policy underwritten by AIG.

On 18 September 2024, Mrs D unfortunately tripped and fell which caused a fracture to her left hip. She had hip replacement surgery.

Mrs D submitted a claim to AIG. It said the medical evidence didn't support the claim that Mrs D had a permanent disability. It therefore settled Mrs D's claim under the 'fracture' benefit on the policy and paid £125.

Unhappy, Mrs D made a complaint. AIG maintained its position to decline, and the complaint was brought to our service.

Our investigator didn't uphold the complaint as she didn't think AIG had acted unfairly in settling the claim against the 'fracture' benefit of the policy.

Mrs D disagreed and asked for the complaint to be referred to an ombudsman. So, it's been passed to me.

## **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 insurance industry regulator, the Financial Conduct Authority ('FCA'), has set out rules and guidance for insurers in the 'Insurance: Conduct of Business Sourcebook' ('ICOBS'). ICOBS says that insurers should act honestly, fairly and professionally in accordance with the best interests of their customers, and that they should handle claims promptly and fairly.

The key issue in dispute here is whether it's fair that AIG has considered the injury Mrs D sustained under the fracture section of the policy rather than as a permanent disability.

I've started by looking at the terms and conditions of Mrs D's policy as this forms the basis of the insurance contract with AIG.

Page 10, section D of the policy document states:

*'If you fracture (break) a bone*

*If you suffer single or multiple fractures of a bone in an accident, we'll cover you for the bone listed and up to the amounts shown in the table of benefits. These are*

*shown under item 23. If your policy covers children, we'll pay 50% of the amounts shown in the table if they're injured. We'll only cover injuries that are directly caused by accidents. If you had a medical condition or disability at the time of your accident, we'll take this into consideration.'*

In the table of benefits, item 23 shows the amount of benefit payable for a fracture to the thigh, hip, leg, ankle, foot (excluding the toes) is £100.

Section E, Special Benefits states:

*'No Claims Benefit*

*Under this policy we provide a no claims benefit. So that we can pay this, all premiums due must have been paid. If no claim is made after a full policy year, all amounts payable increase by 10%. After each subsequent year claims free, these increase by a further 5%. This continues for up to four years when the total increase would be 25%. This special benefit is only payable once and will end once a claim has been made.'*

AIG settled the claim and paid £125 - £100 for the fracture to the hip/leg and £25 under the no claims benefit.

I've considered the medical evidence provided. Mrs D submitted a claim form to AIG which was in part also completed by her doctor. He stated Mrs D will not be left with a permanent disability solely as a result of the accident. So, AIG assessed the claim under the fracture section of the policy. The doctor confirmed that Mrs D had a fracture to her hip and that she required surgery. There's no evidence that Mrs D has suffered a permanent loss of use to her left leg.

I fully appreciate that Mrs D feels she hasn't been supported by AIG and that she has suffered an injury which deserves a more substantial settlement. However, the terms and conditions are clear, and the medical evidence states that the injury hasn't resulted in a permanent loss to Mrs D's leg. I can't therefore say that the claim has been assessed incorrectly or that an incorrect benefit has been applied to the claim.

AIG has said that if Mrs D can show medical evidence that her injury has resulted in a permanent loss, it would review her claim. I can't see that Mrs D has provided any further evidence to support her claim.

Overall, therefore, I'm sorry to disappoint Mrs D. I'm not persuaded that AIG has incorrectly assessed her claim or that an incorrect benefit has been applied to her claim. I'm satisfied that AIG has settled the claim fairly and in line with Mrs D's policy terms and conditions. It follows that I don't require AIG to do anything further.

**My final decision**

For the reasons given above, I don't uphold Mrs D's complaint about AMERICAN INTERNATIONAL GROUP UK LIMITED.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 8 July 2025.

Nimisha Radia  
**Ombudsman**

