

The complaint

Ms M has complained about the service she received from AMERICAN INTERNATIONAL GROUP UK LIMITED trading as AIG UK when she was trying to have her mobile phone repaired under her mobile phone policy.

References to AIG include all its agents.

What happened

Ms M's phone was damaged accidentally. Both the front and back screens were damaged in this accident.

Ms M first made a claim for this damage to her phone to AIG on 31 May 2023. AIG explained it couldn't deal with her claim until her 'find my' function was disabled. As AIG didn't hear from Ms M again this claim expired on 29 August 2023.

Ms M then made another claim for the same damage to her phone on 13 February 2025. AIG asked her to provide proof of ownership and usage which Ms M found annoying. She also had to disable her 'find my' function again. AIG explained that it couldn't repair her phone given the reported damage, so it organised a replacement as detailed under the policy terms. That meant the excess Ms M had to pay was £99 instead of £49 if it could have been repaired. Ms M refused the replacement phone and her excess of £99 was returned to the same card on 13 March 2025 which Ms M had used to pay the £99 excess originally.

Ms M then made another claim for the same damage to her phone on 1 April 2025. Her claim was approved. However, Ms M maintained she wanted her phone repaired and not replaced. She also complained she couldn't register her other devices on her policy because they were most likely older than five years. AIG wouldn't change its stance, so Ms M brought her complaint to us.

The investigator was of the view that AIG hadn't done anything wrong given the policy terms and conditions. Ms M didn't agree so her complaint has been passed to me to decide.

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, to include listening to the call recordings, I'm not upholding this complaint. I do understand and appreciate that Ms M will be very disappointed, so I'll now explain why.

What does a non-advised sale mean?

First this policy was offered to Ms M by her bank. There was no obligation for Ms M to decide to pay the premium for this policy of £14.50 per month unless she was comfortable

and happy that it suited her needs. In offering this policy, her bank would have explained what the benefits were and what the limitations were so that Ms M could make her own decision to accept it or not.

Under the regulations set by the Financial Conduct Authority these sorts of policies are sold on what's called an 'unadvised basis'. This means that no one from Ms M's bank or indeed from AIG or any of AIG's agents advised Ms M to buy this policy. Instead it was Ms M's own decision to buy this policy only.

That in turn means Ms M had the chance to read all the policy terms explaining what was covered and what wasn't before she bought the policy and immediately after she bought the policy. And on the basis she then decided to buy and/or keep the policy, that also means she agreed to all the terms in the policy too. I consider this is important and significant.

Like all policies sold on this non-advised basis Ms M was able to cancel this policy within 14 days of buying it if she felt the terms didn't suit her needs. In that case provided no claim was made in that time, she would have received a refund of any premium paid. If she wanted to cancel her policy at any later date other conditions applied too which are detailed in the policy document. However given Ms M didn't do this, she is then deemed to agree with the terms and the conditions of the policy, to include the important fact that AIG only, makes the decision to repair or replace her phone too.

Policy limitations

The policy then details the claims limits as follows:

- *'Your Device is insured for the value that You purchased Your Device, subject to a maximum non-discounted price of £1500 (including VAT), which You can evidence with a receipt.*
- *Gadgets must be less than 5 years old from the date of purchase up to the date a claim is made.*
- *There is no age limitation on Mobile Phones.*
- *For Your Device to be eligible for coverage under this Policy, Your Device must be in full working order, with any SIM enabled Devices Network Enabled and be the device You, or Your Family Member, use on a regular basis.*
- *If You are unsure if Your Device is eligible for coverage under this Policy, please call Likewize on 0345 528 0182.'*

So, in relation to Ms M's complaint about gadgets (not mobile phones) needing to be no older than five years old, this is clearly set out in the policy wording here. Insurers are permitted by the regulations to decide what kind of circumstances or things they want to insure and what they don't want to insure. This is part of their commercial discretion. So neither I nor anyone else can tell any insurer to insure something they've already decided not to insure.

Therefore there is nothing wrong in AIG not wanting to insure any gadget older than five years old. So I don't uphold this part of Ms M's complaint. Even if Ms M had originally registered her gadgets, if when she went to claim to have them repaired and they were then over five years old, AIG was under no duty to repair them or accept Ms M's claim either given the policy just doesn't provide any cover for gadgets over five years old.

Who is entitled to make the decision to repair or replace the phone when a claim is made

In relation to claims for accidental damage or breakdown claims for mobile phones, the policy says the following:

'Accidental Damage and Breakdown claims. If Your Mobile Phone is Damaged or experiences Breakdown, Likewize 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.

...

Repair of Your Device:

- *Likewize will always offer You the option to have Your Device repaired instead of replaced wherever possible.*

...

Replacement Devices:

This is not a new for old policy.

- *Where Likewize replaces the Device, the replacement will be a remanufactured Device — not brand new. Remanufactured Devices may contain non-original, third party, or unbranded parts.*

...

What is NOT Covered:

IMPORTANT: You cannot make a claim on a Device which was Lost, Stolen, Damaged or experienced Breakdown prior to purchasing a Tech Pack.

1. ***The Excess.*** *You will need to pay an Excess for each approved claim, including where a Cash Settlement is offered, and the Excess must be paid to Likewize before Your claim will be settled. To understand which Excess amounts apply and when, please refer to the How to File a Claim section of this document.*
2. ***Gadgets over 5 Years Old.*** *If Your Gadget is more than five years old, as determined by the date You purchased Your Gadget, at the time You submit Your claim, it will not be covered. If You are unable to provide Likewize with Your Gadgets proof of age, Your claim will be denied.'*

Turning now to the more substantive complaint Ms M has, which is about the repair or replacement of her mobile phone. It's not for Ms M to decide if her phone should be repaired or replaced, but rather it's for AIG to decide that instead. It repairs mobile phones daily, whereas consumers like Ms M don't. So AIG is always likely to have more extensive expertise in the decision to repair or replace the phone than any consumer. Also in buying this policy Ms M agreed to this, along with the fact that if her phone couldn't be repaired she would be provided with a refurbished replacement.

AIG explained that it operated with mobile phone manufacturer accredited technicians for the make of Ms M's phone. That manufacturer said that when the front and the back screen were both damaged in the model of Ms M's phone, then it couldn't be repaired at all. Ms M's phone had both screens damaged so AIG said it couldn't repair it, solely because the manufacturer of Ms B's said so. This is because replacing both screens cost too much and therefore it would be uneconomical to do any repair. So the better option was then to replace Ms B's phone with the same make and model of her phone assuming the same was available.

Given the policy explains all this and Ms M chose to accept this policy with these conditions, then it follows that AIG hasn't done anything wrong in following both the advice given by the manufacturer of her phone and following what the policy conditions said.

The excesses payable for claims

The policy says the following as regards the excess payable in the event of someone like Ms M making a claim for the damage to her mobile phone once they have had the policy for more than one year:

*'Screen repair £29; Other repairs £49; If it can't be repaired** £99; Loss or theft ** £149.*

*** means this excess will apply where Your Device is replaced or where You receive a cash settlement.'*

It is part of insurance law that an excess is payable in the event of a claim, and it forms part of the contract made between Ms M and AIG.

Further since the excess for a replacement phone was £99 instead of £49 for any repair, AIG did nothing wrong in charging Ms M the correct excess since it had to replace her phone instead of repairing it. Again, it's not for Ms M to dictate whether her phone is repaired or replaced, rather under this policy this is a decision for AIG to make together with the manufacturer of her phone. AIG also explained it didn't need to physically see the phone because Ms M was very clear both the front and the back screens were damaged.

So I consider AIG wasn't trying to make Ms M pay a higher excess just so it could make more money out of her claim. The evidence is clear that the manufacturer of Ms M's phone said it couldn't be repaired so consequently the only option for AIG was to replace her phone instead which demanded a higher premium to be paid by Ms M.

Conclusion

So although I appreciate Ms M is very upset and annoyed that AIG didn't need to see her phone before making its decision to replace it instead of repairing it, I don't consider AIG did anything wrong. This is because it was following the advice of the manufacturer of her phone instead and also following the terms and conditions of the policy, which Ms M had already agreed to as well. So I consider it was doing all it could do to treat her fairly and make sure she had a working mobile phone given the benefits of Ms M paying for this policy.

My final decision

So, although I do appreciate Ms M will remain very disappointed, for these reasons, it's my final decision that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 25 November 2025.

Rona Doyle
Ombudsman