

The complaint

Mrs O has complained that American International Group UK Limited (AIG) incorrectly assessed her claim for the loss of use of both legs.

What happened

Mrs O has a personal accident insurance policy with AIG. This pays a benefit, in specific circumstances, if Mrs O has an accident which causes loss or injury.

Mrs O is being represented by her daughter but for ease, I will refer to Mrs O throughout. All reference to Mrs O includes any submissions made on her behalf.

Unfortunately, Mrs O had an accident. She had a fall and suffered a fracture to her left leg. She was taken to hospital and the left leg was operated on.

Mrs O made a claim for the loss of function in both legs but AIG paid for the loss of function in the left leg only. It said the loss of function in the right leg was not directly due to the accident but due to immobility and so no benefit was payable.

Mrs O complained to AIG and unhappy with its response, referred her complaint to the Financial Ombudsman Service. Our investigator looked into the complaint but didn't think AIG had assessed the claim incorrectly.

Mrs O disagreed and asked for an Ombudsman's decision. And so the case has been passed to me for a final 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 don't think this complaint should be upheld. I'll explain why.

But firstly, I'd like to say I am really sorry to hear of Mrs O's accident and her injuries.

The relevant rules and industry guidelines say an insurer should handle claims promptly and fairly. And shouldn't unreasonably reject a claim.

The background to this matter has been set out in quite some detail by the investigator. So I won't repeat the facts here again. Instead I will focus on what I consider to be key to my conclusions and the crux of this complaint which is that AIG didn't pay benefit for the loss of use of both legs.

The original policy schedule from 2002 says:

"The Company will pay the benefit shown to an Insured Person...who suffers an accidental bodily injury...which solely and independently of any other cause results within 12 months of the date of the accident in any of the disabilities or fractures

listed below. Bodily injury means bodily injury caused by accidental, violent, visible and external means.”

The same schedule, under ‘exclusions’, says:

“The Company will not be liable for losses or fractures directly or indirectly due to...an illness, disease, any naturally occurring medical condition, degenerative process or surgical procedure (or complication thereof).”

The policy document says:

“This policy is designed to cover you if you’re injured in an accident. When we say ‘accident’, we mean something that’s sudden and unexpected and happens external to the body. When we say external to the body, we mean a sudden event outside of your body which applies a force to it and causes an injury.”

“We’ll only cover injuries that are directly caused by accidents.

We also don’t cover conditions that develop over time and aren’t caused by a single accident. For example, we won’t cover you if you lose your hearing or sight gradually.

AIG arranged an independent medical examination (IME) which concluded that Mrs O had lost 100% function of her left leg due to the accident. The report also confirmed she had lost 100% function of her right leg due to immobility. It said this occurs in people of this age group and the accident accelerated physical and mental deterioration which would have taken place in any event, irrespective of the accident, but at a later date.

Mrs O has said that she enjoyed independent movement and had use of both legs before the accident. But the policy only pays benefit where the loss of use is due to an accident. Although the loss of use of the left leg was due to an injury caused by the accident, the right leg was not injured during the accident. This means AIG has correctly assessed the benefit in line with the policy terms and conditions.

The loss of use of the right leg is recorded in the medical evidence due to immobility rather than solely and independently due to the accident. The loss of use of the right leg was not due to injury caused by an accident, violent, visible or external means. And so I don’t think AIG has incorrectly calculated the benefit.

I appreciate that Mrs O says the loss of the right leg is due to the accident and the injury to the left leg caused the immobility. And I understand the connection she has made. But the policy does not cover this scenario and specifically excludes anything that develops over time and which isn’t solely and independent of any other cause. The loss of use of the right leg was due to another cause, the immobility.

I am sorry to disappoint Mrs O but I don’t think AIG has incorrectly declined the claim for the loss of use of the right leg.

My final decision

For the reasons set out above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs O to accept or reject my decision before 6 February 2026.

Shamaila Hussain
Ombudsman