

## The complaint

Mr V complains that AXA Insurance UK Plc (AXA) has poorly handled his motor insurance claim.

## What happened

Following a road traffic accident AXA failed to collect Mr V's vehicle which had been recovered by the police. As a result, it was prematurely disposed of without either party having the chance to properly assess it for the purposes of the insurance claim.

Mr V complained that because of AXA's error, his personalised registration plate had also been destroyed, alongside personal belongings – some of which held sentimental value. He said AXA failed to give him full use of a courtesy car and that the open claim would likely affect his future premiums – he wanted a letter confirming the accident wasn't his fault. And he said he'd missed out on using his vehicle towards two separate scrappage schemes and a complementary benefit – worth around £8,000 combined.

AXA upheld his complaint in part and agreed to pay Mr V a cash settlement of £1,400 for his vehicle which it said was in line with its market value at the time of the loss. It agreed its service had fallen short and offered him £500 compensation for distress and inconvenience. But it maintained the cash settlement offered was fair and didn't agree it should pay any money regarding the scrappage schemes. AXA also agreed to pay £300 for his lost personal belongings.

Our investigator looked into the matter and said AXA should do the following:

- Increase Mr V's cash settlement to £2,000 in total as she was persuaded one of the scrappage schemes would've paid him this amount.
- Reimburse Mr V £88 for costs he incurred to replace his registration plate.
- Pay Mr V £603 for the loss of personal belongings (instead of the £300 offered).
- Pay Mr V the £500 compensation already offered for distress and inconvenience.

Mr V disagreed and maintained he missed out on *both* scrappage schemes and so should be reimbursed for both. He said the investigator had failed to include reimbursement for the complementary benefit and nine days car hire. And that the claim should be recorded as '*non fault*' as this is what AXA told him would happen. He also thought the compensation should be increased.

AXA agreed with our investigator's findings on the registration plate and compensation for trouble and upset. But it didn't agree to her findings on the scrappage scheme, saying Mr V's application for this was hypothetical. It also maintained its position on the personal belongings. The complaint was passed to me to make a decision and I issued a provisional decision on this case in January 2021. I've included part of this below.

*AXA accepts it made a mistake in failing to recover Mr V's vehicle before it was disposed of and that its poor service undoubtedly caused him a level of distress and inconvenience. But what the parties haven't been able to agree on, is what needs to happen to put things right. So I've considered what I think is fair and reasonable in all the circumstances of this case.*

### **Cash settlement**

*It's important to note, had AXA correctly recovered Mr V's vehicle, it would've assessed the extent of the damage to decide the best way to settle the claim. And it's likely AXA would've either repaired the vehicle and returned it to Mr V in a roadworthy state. Or, it may have deemed it beyond economical repair, paying Mr V a cash settlement. Both outcomes would usually be subject to the relevant policy excess.*

*However, under the second outcome, if Mr V opted to retain the vehicle salvage (which he says he would've) it's likely AXA would've also deducted from the cash settlement figure the amount it would've received when disposing of the salvage. And Mr V would then be responsible for the cost of any repairs needed to make the vehicle roadworthy (if this was possible). Either way, he likely would've had the opportunity to retain the vehicle, (I just can't know at what cost). But AXA's error essentially removed this opportunity. So I need to consider the impact this had on Mr V.*

*Mr V says that prior to the accident he was planning to take advantage of two scrappage schemes;*

- *Scheme A – drivers scrapping eligible cars can receive a payment of £2,000 when doing so, subject to conditions.*
- *Scheme B – a car manufacturer scheme offering up to £6,000 off the purchase of a brand-new car when trading in a previous eligible car, subject to conditions.*

*Mr V says he planned to trade in his vehicle using Scheme B, receiving £6,000 off the new car he was going to buy and then notifying Scheme A his old vehicle had been destroyed by the car dealership. He says he would then receive the £2,000 payment from Scheme A, alongside a complementary benefit worth £60.*

*Mr V says he's been financially disadvantaged by AXA's error as he no longer has the vehicle to trade in or scrap. So instead of paying him £1,400 cash settlement (a figure reached using an average of the relevant trade guide valuations, taking into consideration the age and condition of Mr V's vehicle), he thinks it should pay him £8,000.*

*But based on what I've seen so far, I'm not persuaded Mr V could've benefitted from these two scrappage schemes at the same time. I say this because, part of the criteria for Scheme A, is to use an Authorised Treatment Facility to scrap the car and to provide a certificate of destruction after doing this.*

*But I've not seen evidence to show the dealership would've used an authorised facility or that it would've given Mr V a certificate of destruction once it had taken ownership of the vehicle as part of the trade-in. I say this particularly as it seems the vehicle would've no longer been his property at the point of destruction, and instead would've belonged to the dealership.*

*But even if he could benefit from both schemes, I've not seen evidence in this case to show that Mr V had been approved for Scheme B. In the written information for this scheme, the figure of £6,000 off the purchase of a new vehicle is preceded by the words 'up to' meaning this is the maximum amount a successful applicant could receive – it's not a guaranteed figure and wouldn't be paid to Mr V in cash.*

*In summary, I've seen no evidence of Mr V's approval for Scheme B, or about how much he would've received even if he was approved for it. And given his accident happened in November 2019 and the scheme was due to finish a month later, I'm not persuaded any potential application he was looking to make would've been completed within the relevant timescales anyway. With all of this in mind, I don't intend to direct AXA to compensate Mr V for any losses he's claiming for in relation to Scheme B.*

*Scheme A is somewhat different. Mr V has provided us with an application showing his vehicle had been approved for the scheme – albeit after the accident occurred – and subject to him providing the certificate of destruction. So based on what I've seen so far, had Mr V been able to retain his vehicle after the accident, I'm persuaded he could've taken advantage of this scheme. AXA's error has led to a loss of opportunity as a result.*

*But as set out above, without knowing how AXA would've settled the claim had it assessed Mr V's car before disposal, I also can't reasonably know the difference between what Mr V would've received under the claim had that happened, versus what it seems he was entitled to under Scheme A. And so, without this information, I don't think I can fairly direct AXA to increase its cash settlement offer any further.*

*I'm satisfied AXA has acted fairly and in line with the policy terms and conditions in reaching the figure of £1,400 cash settlement after carrying out its valuation. So I agree this is what it should pay Mr V for the total loss of his vehicle.*

### ***Distress and inconvenience***

*As set out above, based on what I've seen so far in this case, I'm persuaded there's been a loss of opportunity for Mr V by AXA failing to recover his vehicle before it was disposed of. This is alongside considerable upset at the loss of sentimental belongings – some of which cannot be replaced, failures to manage his expectations and keep him updated, and additional time he had to spend trying to resolve matters with AXA. Mr V says this has had a considerable impact on his health and wellbeing and his ability to care for his elderly parents.*

*With all this in mind, I intend to increase the compensatory payment AXA must pay to account for the impact of its actions and the distress and inconvenience caused in this case. I intend to direct AXA to increase the payment by a further £500 (bringing the total in compensation to £1,000).*

### ***Personal belongings***

*Mr V has provided a list of his lost personal belongings, the cost of which amounts to a total of £603. From what I've seen, AXA hasn't disputed the items being claimed for – or the value Mr V has placed on them. But it's only agreed to pay £300 towards this loss as it says this is the maximum policy limit for this type of claim.*

*The policy term AXA seems to be relying on in making this decision says AXA will cover; "Loss of or damage to clothing and personal belongings (including dashboard cameras fitted to your car) caused by fire, theft, attempted theft or accident, while they are in your car. The most we will pay for any one incident is £300."*

*From what I've seen, Mr V's personal belongings weren't lost or damaged as a result of the accident (as the term states), but rather AXA's failure to recover his vehicle meaning the items were destroyed at the same time the vehicle was. By this I mean, had the car not been disposed of, it's likely Mr V would've recovered these items himself upon retrieval of his vehicle at a later date, and so likely wouldn't have needed to claim for them.*

*So in the particular circumstances of this case, I don't think AXA can fairly apply the incident limit set out in the above term. But even if I agreed it could consider this under the policy terms – I wouldn't think it would be fair to in the circumstances. As far as is possible, AXA should put Mr V back in the position he would've been in, but for its error. I'm persuaded had it correctly recovered Mr V's vehicle, he would still have his personal belongings. So I intend to direct AXA to pay Mr V £603 reimbursement for this loss.*

### **Courtesy car hire**

*AXA says that when Mr V notified it that he still had nine days of courtesy car hire left under his policy, it authorised a new reservation for the remaining entitlement. Mr V says he never used this because AXA only authorised it on the day his insurance policy was due to expire. And he assumed that after his policy ended, he'd be liable for any insurance and waivers related to the car hire. He didn't think this was fair, so now wants to be compensated for the days lost instead.*

*But I've not seen evidence to show Mr V's assumption was correct. And from my experience of these types of policies and claims, I think it more likely that as the courtesy car had been approved under the claim while his policy was still in place, then the same conditions that applied to the five days courtesy car hire he had use of, would also apply to the additional nine days available and approved under his claim.*

*It follows I don't intend to direct AXA to reimburse Mr V for any car hire days lost, because from what I've seen it authorised this for him at the time he raised it, and so seems to have met its obligation under the policy. Mr V decided not to use the car for reasons he believed to be true, but I haven't seen evidence that AXA influenced this belief in any way. It follows I'm not persuaded it was at fault for the loss of the additional days of courtesy car hire.*

### **Letters confirming no claims bonus and the status of claim**

*It's not my role to decide who was at fault for the accident. I can consider whether an insurer acted fairly and reasonably in reaching its decision on liability. I'm aware Mr V says at the time of making his claim, AXA told him it would be recorded as non-fault. But at the time the final response letter (FRL) was issued for this complaint, no decision had been made on this. So I can't reasonably comment on how the claim has been recorded under this complaint.*

*It's also worth noting that regardless of what Mr V was told on a phone call with AXA, I can't direct it to issue him with correspondence that, as I understand it, isn't at this time factually correct. It follows that based on what I've seen in this complaint, I don't intend to direct AXA to issue a letter to Mr V confirming he wasn't at fault for the accident and that his no claims bonus is still intact.*

*In relation to Mr V's premiums, AXA explained in its FRL that while the claim is open, it's unable to determine the impact on his premiums, but once the claim has been closed, he can contact his insurer to request for them to be recalculated to determine if an overpayment in premium has been made. This doesn't seem unreasonable and is generally common practice in claims of this nature. So in this case, I don't intend to direct AXA to do anything further in relation to this.*

*I upheld Mr V's complaint in part and explained that I intended to direct AXA to pay him £1,400 for the cash settlement of his vehicle (subject to the applicable policy excess), pay him a total of £1000 compensation for distress and inconvenience, reimburse him £603 for the loss of his personal belongings and £88 for the costs associated in recovering his private registration plate.*

AXA didn't respond to the provisional decision. Mr V sent detailed comments which I've carefully considered in their entirety. But in this decision, I'll focus on what I see as being the key responses he's made. I've summarised and responded to these in my findings below.

### **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.

Most of my findings remain unchanged for the reasons already set out in my provisional decision and explained below. But based on what I've seen, I do think differently about how AXA needs to deal with Mr V's complaint point about the courtesy car hire.

- *Loss of personal belongings have been downplayed – Mr V wants additional compensation for the sentimental impact* – I don't doubt the loss of sentimental belongings would've been very upsetting for Mr V, and in reality, no amount of money can make up for this loss. But I agree AXA needs to recognise the impact of this in any compensation offered. And as set out in my provisional decision, I think this is fairly recognised in the £1,000 compensation I'm directing AXA to pay, so I won't be increasing this any further.
- *Claim status has been incorrectly recorded by AXA and will negatively impact future insurance premiums* – I can't award compensation for *potential* future losses, I can only consider what's actually happened so far in this complaint. And as I understand, Mr V is yet to purchase a new vehicle, so he's unlikely to be incurring insurance premiums at present – increased or otherwise. But even if he was, I've already explained in my provisional decision how any potential overpayment in premiums can be considered by his insurer once the claim is settled. My findings on this therefore remain unchanged.
- *Mr V doesn't agree with the cash settlement amount or that AXA deemed his car a 'total loss'* – I've already said I can't know whether AXA would've repaired the vehicle or written it off had things gone as they should. So I've kept this in mind when making my decision. However, the fact is the car was destroyed, so AXA seems to have recorded this as a total loss on its system which doesn't seem unreasonable in the circumstances. And it's paid Mr V a cash settlement which seems fair as explained in my provisional decision. So again, my findings on this remain unchanged.
- *Mr V had agreed in principle to partake in Scheme B but AXA's actions resulted in him being unable to pursue this, so he wants to be compensated for this loss* – As set out in my provisional decision, I've not seen sufficient evidence that Mr V had been approved for Scheme B or evidence that persuades me he would've most likely taken advantage of it and received £6,000 off the new car he was purchasing but for AXA's error. So on balance, my findings remain unchanged regarding this matter.
- *Mr V disagrees with the compensation for trouble and upset as he's been without a vehicle for a significant period of time which has negatively impacted him and his family* – I'm satisfied AXA met its obligation under the policy and offered Mr V a fair cash settlement for his vehicle which he chose to decline. While he's entitled to that choice, I don't think it would be fair to hold AXA responsible for the time Mr V says he's been without a replacement car because of this. So these points don't change my conclusion on the compensation in this case.

- *Mr V was told by the car hire company that he'd be responsible for the courtesy car costs after his policy expired and when he tried to query this with AXA, he received no reply* – Mr V has provided a copy of an email he sent to AXA querying this matter which seems to support his testimony of events. Our investigator approached AXA for its comments on this but received no reply. So in the absence this, it seems AXA did fail to respond to Mr V to explain how the courtesy car process would work after his policy expired. As a result, he didn't feel comfortable continuing with the courtesy car past the five days already authorised in case of additional charges, which I can understand in the circumstances of this case. Under the policy terms it says if a courtesy car cannot be arranged, AXA will pay for alternative travel costs up to a maximum of £15 per day (for up to 14 days). So I think it's fair that AXA should pay Mr V at this rate for the nine days courtesy car hire it seems he lost out on (£135).

### **Putting things right**

AXA Insurance UK Plc must do the following to put things right if it hasn't done so already:

- Pay Mr V £1,400 cash settlement for the total loss of his vehicle (subject to the applicable policy excess).
- Increase its offer of compensation for distress and inconvenience from £500 to £1,000.
- Reimburse Mr V £603 for the loss of his personal belongings.
- Reimburse Mr V £88 for the costs associated in recovering his private registration plate.
- Reimburse Mr V £135 for the loss of nine days courtesy car hire.

### **My final decision**

My final decision is that I uphold this complaint in part and direct AXA Insurance UK Plc to put things right in the way I set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 19 March 2021.

Rosie Osuji  
**Ombudsman**