

## **The complaint**

Mrs D complains about how AA Underwriting Insurance Company Limited handled a claim made on her motor insurance policy.

## **What happened**

Mr D, a named driver on Mrs D's policy, was involved in an incident with another driver. AA Underwriting accepted liability and settled the other driver's claim without getting Mr D's version of events. Mrs D found out she had a fault claim at renewal. AA Underwriting agreed that it should have asked for Mr D's version first, and it withdrew its acceptance of liability. The other driver's insurer declined to return the settlement, and AA Underwriting engaged a solicitor to make a recovery. Mrs D was unhappy that her premium was higher at renewal.

Our Investigator recommended that the complaint should be upheld. He thought AA Underwriting had accepted liability without reasonably assessing the claim by asking Mr D for his version of events. He thought this had led to avoidable delays in the claim. He also thought there had been a lack of communication with Mrs D and that she had been caused upset by finding, seven months later, that the claim had been settled as fault. He recommended that AA Underwriting should pay Mrs D £150 for the trouble and upset it had caused.

AA Underwriting replied that it had tried to contact Mrs D by letter and phone without success. It said Mr D's version of events wouldn't have changed the outcome.

## **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.

AA Underwriting said it was informed about the incident by the other driver's representatives. The circumstances described were that the cars collided when Mr D was driving out of his driveway and collided with the oncoming car. AA Underwriting said the circumstances would make Mr D at fault. But Mr D said his car was stationary at the time and the fault was with the other driver.

The investigator has already explained that it isn't our role to decide who was responsible for causing the accident. This is the role of the courts. Instead, our role in complaints of this nature is simply to investigate how the insurer made the decision to settle the claim. Did it act fairly and reasonably and in line with the terms and conditions of the policy? And has it treated Mrs D the same as someone else in her position.

AA Underwriting is entitled under the terms and conditions of its policy with Mrs D to take over, defend, or settle a claim as it sees fit. Mrs D has to follow its advice in connection with the settlement of a claim, whether she agrees with the outcome or not. This is a common term in motor insurance policies, and I don't find it unusual.

That said, we expect an insurer to reasonably investigate a claim and consider the evidence available before making its decision on liability. So I've looked at how AA Underwriting investigated the claim.

AA Underwriting received allegations from the other driver. It said it called Mrs D without success. Mrs D, however, said that she called AA Underwriting to notify it of the accident, though she can't recall when. No record of this call was in AA Underwriting's file notes.

AA Underwriting said it also wrote to Mrs D and didn't receive a reply. Mrs D said she called AA Underwriting again when she received its first letter and she outlined what had happened, but it didn't ask to speak to her husband. AA Underwriting seems to have had a record of this call, but the report wasn't passed to the correct department.

Mrs D said she heard nothing further and assumed that, as the damage was minor, the matter was closed. However, AA Underwriting had accepted liability and settled the other driver's claim. AA Underwriting said it emailed Mrs D to tell her liability had been accepted and a fault claim had been recorded. But Mrs D didn't recall receiving this email.

Mrs D learned at renewal that liability had been accepted and a fault recorded. AA Underwriting told her that it had accepted liability in error and then asked Mr D for details of what had happened. It said that as the accounts conflicted, the best possible outcome was likely to be a 50/50 split liability settlement.

The other driver's representatives wouldn't accept liability or refund costs. So AA Underwriting instructed solicitors to recover its costs from the other side. But Mrs D wouldn't agree to be party to this as AA Underwriting didn't explain what it was doing, and she thought it had caused the problem.

When Mrs D complained, AA Underwriting accepted that there had been poor communication and a lack of call-backs. It said that an agent would call Mrs D to explain what was happening. A month later, Mrs D hadn't received the promised call.

I can see that AA Underwriting has accepted that its handling of the claim has been poor:

- It accepts that it hadn't followed its own process and it made the initial liability decision without sufficiently investigating the claim by obtaining Mr D's version of events. AA Underwriting said this was unlikely to change the outcome, but I can see that it was sufficiently compelling for AA Underwriting to decide to pursue the other side to reclaim its costs. And I think the delay in obtaining Mr D's version of events may have affected the amount of detail he recalled and so possibly affected the outcome.
- AA Underwriting accepts that its communication with Mrs D has been poor. It didn't have records of the initial calls she made. It didn't provide promised call-backs. It said it sent an email explaining that it had accepted liability. But I'm persuaded that Mrs D didn't receive this as I think that if Mrs D had received this she would have acted on it at the time.
- AA Underwriting then instructed solicitors but didn't engage Mrs D in this process. It then failed to provide a promised explanation of its rationale. So I'm not surprised that Mrs D felt uncomfortable in providing her co-operation. But this would be needed if the matter were to be taken further legally.
- Because of the poor initial investigation and subsequent attempts at recovery, this matter is still unresolved for Mrs D. So I think AA Underwriting has caused avoidable delays in settling the claim.

When a business makes mistakes, as AA Underwriting accepts it has done here, we expect it to restore the consumer's position, as far as it's able to do so. And we also consider the impact the error had on the consumer.

As I've said above, AA Underwriting is entitled to settle the claim as it sees fit following a reasonable investigation and consideration of the evidence. So I accept that, due to the lack of independent witnesses or other evidence, the outcome may not change for Mrs D. From what I can see, liability is still in dispute.

But I think Mrs D has been caused considerable stress and upset by AA Underwriting's handling of her claim. She had the shock of finding that a fault was on her record when she thought the matter was closed. She had to chase AA Underwriting for updates. She has been caused frustration from not receiving promised call-backs.

Our Investigator recommended that AA Underwriting should pay Mrs D £150 compensation for this. I think that's fair and reasonable as it's in keeping with our published guidance for the impact on Mrs D.

### **Putting things right**

I require AA Underwriting Insurance Company Limited to pay Mrs D £150 compensation for the distress and inconvenience caused by its handling of her claim.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require AA Underwriting Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 21 June 2022.

Phillip Berechree  
**Ombudsman**