

The complaint

Mrs R complains that AA Underwriting Insurance Company Limited haven't agreed to repair all the faults found with her car following an accident. They've said that some of the problems were pre-existing, but Mrs R doesn't agree. She's also unhappy with how her claim has been handled.

What happened

Mrs R has insurance for her car with AA. In April 2021 she was involved in an accident when her stationary car was hit from behind by another vehicle at traffic lights. The impact was severe enough to split a child seat fitted to one of the car's rear seats.

Mrs R also has an additional policy with AA which covers '*vehicle related expenses following the occurrence of a non-fault accident*'. She made a claim on this policy to cover her repairs.

When the accident was reported to the AA, Mrs R told them that since the accident the car had been leaking oil. The car was unsafe to drive because of this, so AA arranged for it to be collected on 20 April 2021 and taken to a garage for repair. A few days later Mrs R contacted the garage and was told it had been inspected and the relevant parts ordered.

When Mrs R contacted the garage on 8 May 2021 to get an update, she was surprised to learn that without advising her, AA had arranged for it to be moved to another garage for a 'Health Check'. This was carried out on 7 May 2021 and the technician's report identified six problems. Of these Mrs R said three were related to the accident. These were: -

1. Rear differential pinion oil seal weeping oil.
2. Towing eye cover missing.
3. Start/Stop not working.

An engineer from the AA emailed Mrs R on 12 May 2021 saying that he didn't agree that these issues were accident related. Mrs R's husband spoke to the engineer and said the Stop/Start was working before the accident, the car wasn't leaking oil and the towing eye cover was present.

On 19 May 2021 Mrs R called the garage for an update and was told the repairs hadn't been authorised. AA's engineer called Mrs R shortly after this to say they wouldn't sanction work on the leaking differential, or the stop/start malfunction. Mrs R says that this was despite the garage that completed the 'Health Check' telling the AA's engineer that the oil leak probably started after the accident. And the car having a full service in November 2021, including a rear differential oil change, with no leaks being identified. Following a discussion with Mrs R's husband AA agreed to resolve the stop/start issue, as a gesture of goodwill.

On 21 May 2021 Mr R called AA to speak to the engineer's manager and was promised a call back. As this didn't happen, he raised a complaint on her behalf. He was again promised a call back but didn't receive one.

The same day Mr R called the garage for an update and was told the car had been moved to another garage, for a second opinion. Once again this had been done without Mrs R's knowledge.

This second health check was carried out on 27 May 2021. This stated that there was a slight leak from the rear differential pinion seal, but it looked as if it had been leaking for some time. And that the problem with the stop/start was due to battery drain, as the car wasn't getting much use.

The first health check was carried out at the dealership that Mrs R bought the car from and where she has it serviced. The second health check was carried out at the dealership Mr R had bought his car from and had it serviced.

On 27 May 2021 Mr R spoke to a manager at AA who said he would take the case forward. Mr R sent him the relevant details of the claim. The manager contacted him the following day to say he was going away on business, and someone else would pick up the case. This didn't happen and Mrs R emailed the manager on 10 June 2021 for an update. He replied on 16 June 2021, saying someone from the complaints department would be in touch. Mrs R called AA for an update on 17 June 2021 and was promised a call back.

She didn't receive the promised call back so called the AA again on 18 June 2021. She spoke to the complaints department and provided details of what had happened since the accident. When AA called her, they said that as her car had previously been serviced by the dealership which carried out the first health check, they felt this undermined their view that the oil leak was due to the accident. Mrs R told them that she and her husband also had a connection with the dealership where the second health check was carried out, as he'd bought his last two cars from them and had them serviced there.

On 21 June 2021 Mrs R was advised by the garage that her car was ready for collection. She told them she wouldn't be collecting it because of the ongoing dispute about repairing the oil leak.

AA called Mrs R on 22 June 2021 and said they didn't accept her complaint about the oil leak, as the second health check said oil had been leaking from the transmission over a period of time. They also said that research using on-line forums suggested this was a common fault with this make of vehicle. The offer to repair the stop/start was also rescinded without any explanation being given. She was told her complaint had been finalised and she needed to arrange to collect her car.

Mrs R has told us that she purchased the car in August 2020 with a one-year warranty, so any oil leak that was present before the accident, would have been dealt with under the warranty. The car has an oil leakage warning indicator which hasn't activated in the time she's owned the car. And when the car was last serviced, prior to the accident, there was no sign of an oil leak.

She's made the following comments about how AA have dealt with her claim: -

1. She believes that AA have been obstructive in dealing with what should have been a simple claim for repairs.
2. The accident caused severe damage to the rear of her car and the third party admitted liability.
3. Throughout the claim AA have questioned the validity of expert's opinions, sending the car to another garage for additional checks.

4. Her claim has taken far longer than necessary to progress. And the communication from AA has been poor throughout, meaning she's had to chase them regularly for updates.
5. Her car was driveable following the accident but wasn't when she was told it was ready for collection. And the bodywork was in worse condition than it had been prior to repair.
6. She's been made to feel like the guilty party when she wasn't responsible for the accident. And this has been made worse by AA saying she's trying to claim for damage that wasn't caused by the accident.

AA didn't uphold Mrs R's complaint as they maintained that the problem with the stop/start and the rear differential pinion seal oil leak weren't accident related. They said they'd considered what was said by the dealership who carried out the first health check about the oil leak, but considered the second health check more independent, as that dealership hadn't previously serviced her car.

In relation to the stop/start AA said during the first health check the dealership suggested that the fault was caused by low battery voltage. They'd reviewed the list of stored faults the dealership had provided, and it confirmed the vehicle had been running on low voltage from 30,088 miles. And their engineers believed that once the battery was replaced it might resolve the stop/start issue. But as the battery issue wasn't related to the accident, they were unable to confirm if there were any faults until the battery was replaced.

AA did accept that the service they'd provided wasn't in line with the standards they expect. They apologised and issued a payment of £50 to Mrs R for this.

Mr R collected the car on a trailer and took it to another garage. The repairs to the rear differential were completed on 14 July 2021. Mrs R paid for this work which cost £1411.48. When Mrs R collected the car on 15 July 2021, she noted issues with the paintwork and finish on the car, and the exhaust had been cut and a sleeve fitted. These issues all related to work carried out by AA's appointed repairers.

She reported these to AA and an independent assessor examined the car on 3 August 2021 to consider the repairs completed by AA's appointed repairers. The report noted 31 issues with the quality of the repairs carried out to Mrs R's car. Mrs R has told us that AA eventually agreed that further work was required which was carried out in October 2021. But the car had to go back to the garage again, in early November 2021, as there was a further issue with the paintwork.

Mrs R wasn't happy with AA's response and complained to our service. Our investigator considered the case and said following the 'health check' carried out on the car on 7 May 2021, Mrs R believed that three of the issues identified were related to the accident. But AA didn't accept that any of the issues were related.

He accepted that on 19 May 2021 AA said they'd resolve the stop/start issue as a gesture of goodwill, but they later withdrew this offer. While he acknowledged that Mrs R had her hopes raised that this issue would be resolved, he thought it was reasonable for AA to change their minds, as the first health check said the battery had been running on low voltage from 30,088 miles. And a battery fault was unlikely to be related to the accident.

Our investigator didn't think it was fair for AA to give more weight to the second 'health check' carried out on the car, simply because Mrs R's car had been serviced by the dealership who'd carried out the first 'health check'. Particularly as Mrs R's husband had

bought cars from the second dealership and had these serviced by them.

Mrs R's car had been serviced at 35,394 miles and there was no evidence of a differential oil leak. The car was inspected at 40,002 miles and the garage completing the first 'health check' said in their opinion a leak *'couldn't have occurred that quickly'*.

The second 'health check' was carried out 40 days after the accident and the engineer said it *'looked as if oil had been leaking for some time'*. Our investigator felt this report didn't add much as it didn't comment on whether the leak was related to the accident. But on balance he was persuaded it was more likely than not, that the leak was caused by the accident.

So our investigator didn't think Mrs R's claim had been treated fairly by AA. He said AA should reimburse her what she'd paid to have the oil leak repaired.

Mrs R was without her car for six months and to compensate her for this, and the stress and inconvenience she'd suffered, our investigator said AA should pay her increased compensation of £350. And he agreed that the customer service and level of communication Mrs R had received wasn't great. But he said AA had recognised this and he thought the £50 compensation they'd offered was fair.

Finally, our investigator considered what Mrs R had told us about the child seat that was damaged in the accident. Mrs R had told us that she hadn't been reimbursed for the cost of replacing it. He accepted that this issue hadn't been raised with AA by Mrs R, but recommended AA reimburse the cost of replacing it, as a replacement was covered by her policy.

AA didn't accept our investigator's opinion. They said our service didn't have jurisdiction to consider Mrs R's complaint about the child car seat, as this wasn't an issue she'd raised with them. And it wasn't covered under the after the event policy her claim had been dealt with under. So while she could make a claim under her motor insurance policy this would be subject to the usual policy excess.

They also said that Mrs R's car sustained minor rear end damage. And one of their senior engineer's had confirmed that there was no internal structural damage to the wheels which would suggest the impact contributed to the rear differential oil leak. In addition, AA said there was a period of three to four weeks between the accident and the first health check, and their engineer believed oil had been leaking for longer than this.

Our investigator considered the engineer's report and said that he refers to moderate rear end damage. But despite the engineer attributing the oil leak to general wear and tear and saying this is a known fault with this type of vehicle, he didn't change his opinion. He said he found the opinion of the dealership that carried out the first health check, that the oil leak was accident related, most persuasive. AA responded saying that their engineer's comments carried more weight than our investigator's opinion.

The case has now come to me for a 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.

I'm going to deal first with Mrs R's complaint about the child car seat that was damaged in the accident. While our investigator was trying to be helpful to both parties by including this issue in his opinion, it wasn't something that had been raised with AA at the time Mrs R

made her complaint. As AA didn't agree to the car seat being included as part of this complaint, it's not something I can consider. Although I am pleased to hear that the issue has been resolved and Mrs R has been reimbursed for the car seat.

There appears to be agreement that the issue with the car's stop/start was due to a faulty battery. And the issue with the missing towing eye cover appears to have been resolved. So the outstanding issue for me to consider is whether the rear differential oil leak was caused by the accident.

The report from the first health check concluded that it was. It was prepared by a dealership that had serviced Mrs R's car. They confirmed there was no sign of an oil leak when the car was serviced at around 35,000 miles. The oil was changed at this service and they said they'd have been no point in changing it if there was a leak. The car had done 40,002 miles at the time of the health check.

Mrs R has told us, and I accept, that the car was covered by a warranty and had there been an oil leak she'd have had it repaired under this.

AA commissioned the health check but weren't happy with it, as they didn't accept any of the issues it identified were accident related. When Mrs R didn't accept this, they commissioned a second health check. This said, *'it looked as if the oil had been leaking for some time'*. But it didn't comment on whether the leak was related to the accident.

AA say they gave more weight to the second health check as the first wasn't independent, as the dealership had serviced Mrs R's car. Mrs R has said that she and her husband have also bought vehicles from the second dealership and had them serviced there.

I'm not persuaded that the first health check wasn't independent. It identified issues with the car and the engineer provided an opinion on the cause of the oil leak, based on their knowledge of the car. I find this more persuasive than a general comment that *'it looked as if oil had been leaking for some time'*.

I find the opinion of a dealership that knew Mrs R's car more persuasive than that of AA's engineer, who hadn't examined the car. He says he attributes the oil leak to wear and tear, but there's no reference to this in either of the health checks. And I accept that if there had been an oil leak prior to the accident Mrs R would have had this dealt with under her warranty. AA appear to have tried to underplay the extent of the impact sustained by Mrs R's car, describing it in correspondence as 'slight'. When in the engineer's reports it's described as moderate, or heavy. And I've noted that it was sufficient to split the child seat in the rear of the car.

So I require AA to reimburse Mrs R the £1411.48 paid to repair the oil leak together with interest.

I think AA have provided Mrs R with poor customer service throughout her claim. There have been delays, she hasn't been kept updated and AA have seemed more concerned about proving that certain damage to her car wasn't accident related, than in progressing her claim. Remedial work has been carried out to resolve the further problems Mrs R found with the car's bodywork when it was returned to her. These issues after the repairs were said to have been completed, illustrate the poor level of customer service she received.

AA have acknowledged that Mrs R didn't receive the level of customer service they'd expect and offered her £50 compensation for this. While it's good that they acknowledged they got things wrong, I don't think £50 compensation is enough to compensate her for the very poor service she received.

While there's always going to be a level of stress and inconvenience after an accident, what Mrs R experienced was far more than I'd expect in a non-fault accident, where the other driver involved has accepted liability. And this is a result of how AA have dealt with her claim.

Overall, I think £500 is the appropriate level of compensation for the poor service Mrs R has received, and the distress and inconvenience she's suffered as a result of how her claim has been handled.

After I'd reviewed Mrs R's case, I asked the investigator to let both parties know that I intended to uphold the complaint. Adding interest to the costs of repairs Mrs R had paid and increasing the compensation for the poor service she'd experienced, and the distress and inconvenience she'd suffered.

Mrs R has indicated that she's happy with this. AA have responded saying that the statement of their engineer who's qualified to assess vehicles has more weight than the outcome our service has arrived at.

They've repeated that Mrs R's car only sustained minor rear end damage. Even though this statement isn't supported by the evidence in this case. And they've said that there's no evidence that the impact of the accident contributed to the rear differential oil leak, which they maintain was caused by wear and tear and is a known fault which these cars.

So they say it's unreasonable for them to cover the cost of repairing the leak or interest on this amount. And they've also said they want to see some justification for the increase in compensation.

I've considered what AA have said but haven't changed my opinion on this case. My role is to consider all the evidence and arrive at an impartial opinion, and not simply to accept what one party says because they think it's correct.

I've considered what Mrs R has told us and all the engineering evidence and on balance I'm persuaded that the rear differential pinion oil leak was caused by the accident. I've explained above why I've given more weight to the report from the dealership that carried out the first health check and knew Mrs R's vehicle.

I've also set out in detail what Mrs R has told us about the customer service she received from AA. AA have accepted that they didn't provide her with the level of customer service they'd expect. They think £50 is sufficient compensation for the delays and very poor service Mrs R experienced. I don't agree and I've explained why.

So I require AA to pay for the cost of the repairs to the rear differential pinion oil leak in Mrs R's car, together with interest on this amount. And to pay her £500 for the poor customer service they've provided and the distress and inconvenience she's experienced as a result of their handling of her claim.

My final decision

For the reasons set out above my final decision is that I uphold Mrs R's complaint about AA Underwriting Insurance Company Limited.

And to put things right I require them to do the following: -

- Pay Mrs R the £1411.48 she paid for the cost of repairs to her car's rear differential pinion oil leak.

- Pay Mrs R simple interest at 8% on the sum of £1411.48 from 15 July 2021 until payment is made to her.
- Pay Mrs R £500 compensation for the poor customer service she's received and the distress and inconvenience she's suffered as a result of how her claim has been handled.

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

Patricia O'Leary
Ombudsman