

The complaint

Mr and Mrs G complain AXA Insurance UK Plc handled their motor insurance claim poorly.

What happened

In December 2020 Mr and Mrs G's UK registered car was damaged whilst they were staying at their property in Italy. They claimed against their AXA motor insurance policy. They wanted the repairs to be made in Italy. In February 2021 AXA agreed to an estimate provided by Mr and Mrs G's garage in Italy. In March 2021 it attempted to transfer payment to the garage.

In July 2021 Mr and Mrs G complained to AXA. The garage still hadn't received payment from AXA. The March 2021 payment attempt had been unsuccessful. So the car still hadn't been repaired. Mr and Mrs G then had to make a number of calls to AXA to sort the issue out.

In response AXA said it had had trouble completing the payment. It said additional details were required as the payment was international. It apologised for the inconvenience caused by its poor communications. It paid Mr and Mrs G £100 compensation. It said it still required further bank details from the repairer to process the payment.

In August 2021 AXA made the payment to the garage. In October 2021 it issued a second complaint response. It paid Mr and Mrs G a further £250 in recognition of its poor service.

Mr and Mrs G weren't satisfied with the £350 compensation paid in total by AXA. So they came to this service. They don't feel it's enough to recognise the financial loss and unnecessary distress and inconvenience AXA's responsible for. They say the impact of the insurer's poor service includes:

- causing them to have to phone AXA on a weekly basis to try to sort out the payment.
- leaving them unable to travel long distances in the car for eight months because of the unrepaired door – and lack of comprehensive cover.
- distress from threats to cancel their cover and then a refusal to renew it.
- being forced to register the car in Italy because they were unable to obtain UK insurance – costing them around £900.
- then having to leave the car in Italy – leaving them with the inconvenience of being without one when in the UK.

In January 2022 our investigator considered the complaint. He said £350 wasn't enough to recognise the impact of AXA's poor service. So he recommended it pay a further £250. AXA agreed to that, but Mr and Mrs G didn't. As a result the complaint was passed to me. They think £5,000 would be an appropriate amount to help them get over the distress and inconvenience they experienced – and to fund the purchase of a car in the UK.

In March 2022 I issued a provisional decision. Its findings form part of this final decision, so I've copied them in below. In it I explained why I intended to require AXA to pay Mr and Mrs G an additional £1,000 compensation. I also invited any further comments or evidence before I issued 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.

what I've provisionally 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.

As this is an informal service, I haven't addressed here every point or concern raised by Mr and Mrs G. Instead I've focused on what I consider to be the most significant issues. But I would like to reassure them I've considered everything they and AXA have provided.

I've looked through AXA's claim and complaint notes. Having done so, I can see it was responsible for a series of delays and mistakes.

It took one month to translate the Italian repair estimate. It waited three weeks from its engineer's acceptance of the estimate before it attempted to pay Mr and Mrs G's garage. It then failed to follow the correct procedure for an international payment. It didn't realise that payment was unsuccessful until Mr G explained, in May 2021, the garage hadn't received it.

AXA then failed to take any action to resolve the issue until July 2021. It seems a staff member had left without completing the task. Even then Mr G had to call and explain the problem a number of times before anything happened. And then AXA tried to explain the problem away as being caused by it not being provided with a SWIFT number for the garage – rather than admitting it had made a series of mistakes.

Even after all that it seems AXA only made one attempt to get the information from the garage. It didn't chase the garage or try any other method of contact. Mr G eventually provided the required information in August 2021.

If AXA had handled the claim reasonably, I think it's fair to say the garage would have received payment, with the car being repaired, in around late January to early February 2021, instead of about six months later in August 2021.

Mr and Mrs G feel AXA should pay them enough to buy a car for when they are in the UK. I don't think that would be reasonable. The car is now registered in Italy. Mr and Mrs G say this happened because of AXA's mistakes. AXA wouldn't continue to cover the car despite having caused such delay. They couldn't find an alternative insurer without registering it Italy. They haven't returned the car to the UK since as they don't want to re-register it.

I've outlined where I think AXA made mistakes, but I can't fairly require it to buy Mr and Mrs G a second car. I think they could probably have found another solution if they didn't wish to bring the car back to the UK. They could have, for example, considered selling it in Italy, using the proceeds to buy one in the UK.

According to Mr and Mrs G much of the inconvenience they experienced resulted from the loss of comprehensive cover after 90-days outside the UK. After that they seem to have had only third-party cover. They say AXA's delay was responsible for this. But when the damage happened the car had already been outside the UK for almost 90 days anyway. I wouldn't expect AXA to have agreed to their claim and paid for repairs within a few days.

But I'd expect AXA to have treated Mr and Mrs G with understanding considering its catalogue of errors had caused so much delay. I'm not certain that happened having listened to what Mr and Mrs G say about its attitude to providing them with continued cover. It would seem reasonable for AXA to have extended the comprehensive cover. Mr and Mrs G say it instead went on to refuse to renew their policy.

Mr and Mrs G say they couldn't drive the car any long distances whilst it was unrepaired. They say the door wouldn't close properly, allowing water to get in. They also say they didn't feel comfortable driving the car with only third-party cover - and then no insurance at all.

Mr and Mrs G say they felt the impact of this particularly as it was during the pandemic. When restrictions were lifted, they wanted a change from staying indoors, but weren't comfortable going for a drive with limited cover. The limited cover is one of the reasons they didn't drive it back to the UK. Instead they left it at their Italian home and paid for flights to the UK. They feel AXA is responsible for those additional costs – plus around £900 they spent to register the car in Italy.

Whilst there may have been a solution other than registering the car in Italy, I accept AXA's mistakes played its part in Mr and Mrs G deciding to take that path. So whilst I don't think it would be reasonable to require AXA to cover the full cost of the registration, a contribution would seem fair. I've taken that into account when coming to an overall settlement figure. I've also considered that being without a car in the UK, considering their age, has caused them a fair bit of inconvenience.

Some of the calls Mr and Mrs G made to AXA seem to be unrelated to the payment problem. But I can see a number were only necessary because they were trying to sort out the mess caused by AXA's repeat mistakes. Making these calls, particularly when being required to repeat themselves, was no doubt an inconvenience and frustrating for them.

So I can see AXA's poor service has caused Mr and Mrs G a great deal of distress and inconvenience – and perhaps some otherwise unnecessary financial costs. The impact of its mistakes was probably felt more acutely due to their age. Considering everything I intend to require AXA to pay an additional £1,000 on top of the £350 it's already paid. That seems a fair amount to recognise the impact of its mistakes on Mr and Mrs G.

Both Mr and Mrs G and AXA provided further information for me to consider. Having done so, I wrote to both explaining I intended to reduce the additional compensation award from £1,000 to £400.

I explained a significant amount of the original compensation award was based on Mr and Mrs G's report that AXA hadn't extended the full cover beyond the initial 90 days – leaving them with only minimal third-party cover. I said that AXA had now provided call notes that show it extending the comprehensive cover a number of times and over a number of months.

I also said I understood AXA had refused to renew their cover. I considered that had played a part in Mr and Mrs G's decision not to return their car to the UK – incurring them costs and a lack of transport when in London. However, the notes now provided by AXA show it offered to renew the policy if the car was to be returned to the UK – but Mr and Mrs G decided not to take up the offer.

I said overall the amount of unnecessary distress and inconvenience AXA could fairly said to be responsible for is significantly less than I previously understood. So I said I intended to require it to pay only an additional £400 compensation (making a total of £750). I also invited any final comments from Mr and Mrs G and AXA.

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.

Mr and Mrs G responded to my point that AXA had offered to renew their cover if the car was returned to the UK – but they had decided not to. They said the car wasn't fit to undertake a long journey as it was damaged. They added AXA cancelled the policy immediately the repairs were complete, leaving them unable to return it to the UK.

However Mr and Mrs G's account isn't supported by AXA's call notes. These record the following sequence of events. In early August 2021 AXA offered to renew the cover if the car was returned to the UK. On the same day Mr and Mrs G declined that offer. In early September 2021 Mr and Mrs G confirmed the car had been repaired. They also confirmed they intended to register it in Italy. The policy then ran until early October 2021.

So I'm not persuaded AXA prevented Mr and Mrs G returning the car to the UK at that point. They could have returned it once the repairs were complete, having accepted the renewal offer.

Based on the above I still feel an additional £400 compensation (making a total of £750) is a fair and reasonable amount to reflect the unnecessary distress and inconvenience AXA was responsible for.

My final decision

For the reasons given above, AXA Insurance UK Plc needs to pay Mr and Mrs G a further £400 compensation (so £750 in total).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G and Mr G to accept or reject my decision before 14 July 2022.

Daniel Martin
Ombudsman