

The complaint

Mr T complains AXA Insurance UK Plc have recorded his motor insurance policy as cancelled which he doesn't think is fair. He's also unhappy that following the settlement of a claim they've not paid taxi fares they said they would or paid an amount for stress they've put him and his family through. Mr T's also unhappy AXA haven't completed a Subject Access Request (SAR) as he'd asked.

What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements below, and they form part of this final decision.

Mr T bought his car on 28 January 2020, and his insurance policy with AXA started on 16 June 2020. On 31 July 2020 Mr T was told the wheels on his car were cracked, so he paid to have them replaced. Unfortunately, on 2 August 2020 his car was stolen, so he registered a theft claim with AXA – and when this went on for a long time, he complained about it.

Having not got a reply, he then asked us to look into things in November 2020. Shortly afterwards, AXA said they wouldn't be meeting Mr T's claim, because he'd added new wheels at a cost of around £6,200. They said this was a modification, and had he told them about this, they wouldn't have continued to offer cover under his motor insurance policy. AXA also cancelled Mr T's policy on 20 November 2020.

One of our Investigators looked into things. And, following a number of questions from him to try and reach an outcome, AXA reconsidered their position – telling us this on 13 April 2021. They said they shouldn't have turned down the whole claim based on the change of wheels – and now would recommend paying the claim minus the cost of the wheels. On 5 May 2021 this was agreed at a payment for Mr T's car of £29,000, minus the policy excess of £550.

Following this, Mr T wasn't happy his policy had been cancelled with this being recorded on the Claims and Underwriting Exchange (CUE) database, they didn't pay his taxi costs, hadn't paid him compensation for the stress he'd experienced – and they'd not completed the SAR.

CUE is a database of some insurance incidents including cancelled motor policies like Mr T's. Some insurer's, when agreeing new policies will check this database, to ensure the information provided by a prospective policyholder is accurate. And, most insurers will ask if a prospective policyholder has had a policy cancelled in the last five years, and some will even ask if that's ever happened. So, it can have a long-lasting effect on someone.

On 24 June 2021 AXA did address this complaint of Mr T's. They said when he told them about the modifications they'd not been declared, so they had to check if he would still be covered. They decided he wouldn't be, so the cancellation of the policy remains and wouldn't be changed.

They added the claim was turned down incorrectly, and it took them many months to correct this. They said they understood Mr T was claiming for taxis at a cost of £15,248. But, under

the policy terms they'd only cover 14 days hire at £15 per day totalling £210, and alternative travel arrangements cover at £300. They said the maximum then they'd consider is £510, as anything else is above the policy limits.

AXA said they know Mr T was without his claim settlement of £29,000 for many months, so they'd added 8% simple interest on to this amount. This came out to £985.21.

In summary, AXA accepted they'd let Mr T down. So, in addition to the £510, plus the £985.21 payments – they credited Mr T's account with a further £500 compensation.

In a separate response the following day, AXA said Mr T's SAR was actioned in April 2021, by sending out the relevant forms to him to complete. They said they'd not refused to complete his SAR but have processes to follow. They resent the forms for him to complete.

Mr T remained unhappy with this, so asked us to look into the complaint he'd raised against AXA – which, for clarity, didn't include the valuation of his car as that matter had been resolved. One of our Investigators found AXA had acted fairly with their offer to settle the outstanding issues on the claim.

Mr T didn't agree, although he's not set out in detail why, so the complaint's been passed to me to decide.

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.

There are a number of issues to address in this complaint:

- How Mr T's policy has been recorded on CUE – and the implications of that*
- Whether they should be refunding him the taxi costs he's claimed for*
- Whether the compensation of £500 paid is enough*
- Not completing his SAR*

I'll consider all aspects, and then in a separate summary section at the end, give my thoughts on what I think is the right way for this case to be resolved.

I think it's worth explaining up front, that I think Mr T's claim has been misunderstood by a number of parties at AXA during the claims process.

From the information I can see, Mr T has been clear and consistent in saying the only addition he's made to the car since he purchased it is the wheels he added two days before the car was stolen. This is also information he volunteered when making his claim.

Reference has regularly been made to other additions – but he's said these were on the car when it was bought. It's not in dispute the car wasn't bought new by Mr T, and the other modifications could easily have been installed by the manufacturer when the car was bought new. As I've seen no reason to dispute that, I'm satisfied it's more likely than not Mr T hasn't made any modifications to his car other than to purchase four new wheels – and my findings reflect this.

How Mr T's policy has been recorded on CUE – and the implications of that

AXA have accepted Mr T's claim as a result of him adding the wheels just two days before the theft, and because of the way the policy is worded. This says:

"Please tell us of the following changes (via your AXA Account if possible) either before the change or as soon as you possibly can."

The changes referred to in this term would have included the new wheels Mr T had purchased. From the internal notes I can see, AXA felt they'd been harsh in turning down the entire claim because the wheels had only been bought two days earlier – and they accept they don't define "as soon as you possibly can" as written in the above term.

Ultimately Mr T has agreed a settlement with AXA for the theft of his car – so I'm not considering that here.

But, in using the logic they're satisfied it's appropriate to pay out for the cost of the car because of the wheels being bought two days earlier, it calls into question for me whether they've then treated Mr T fairly by cancelling his policy.

In effect, what they've done is cancel it because he didn't tell them about the wheels. But, they've paid the claim – accepting they'd been harsh in not doing so.

To me, one flows from the other – as AXA have accepted the claim because it was only two days between him buying the wheels, it follows I think they shouldn't record a cancellation. They'd only have done this, if Mr T didn't tell them "as soon as you possibly can". But, after the claim was made, Mr T did tell them about the new tyres he'd bought – and quite promptly.

So, taking everything into account, I don't think it's fair for the cancellation to be applied – and I think this should be removed from all internal and external databases.

AXA will also need to provide an indemnity letter, saying his policy was cancelled by them in error. Mr T can then take this letter to any current or previous insurer's he's used since this incident happened and ask them to consider refunding him extra premium he's paid as a result of having a cancellation on his record. If his other insurer(s) don't do this, Mr T will be able to raise a new complaint to AXA about it.

Whether they should be refunding him the taxi costs he's claimed for

I'll explain in more detail below, but AXA weren't given the relevant information to assess Mr T's claim until 16 October 2020. So, even if I were to decide AXA should be fully responsible for his taxi costs, it wouldn't be appropriate for them to pay any costs between 10 August 2020 when Mr T registered his claim, and 16 October 2020 when AXA had everything they needed – as this delay wasn't their fault.

But, between then and 12 November 2020 AXA had all they needed to consider Mr T's claim – and ultimately turned it down unfairly. So, I think during this time, AXA should refund Mr T's taxis costs. That's 16 October 2020 to 12 November 2020 inclusive. And, based on the taxi invoice Mr T has provided, comes to £1,588 for 22 journeys.

I do need to factor in AXA paid Mr T £510 for this element of his complaint – so I'll deduct that from the figure above – leaving £1,078 to be paid. And, on each payment, I'll require AXA to add 8% interest, as this is money Mr T paid out he shouldn't have had to, but for AXA's error.

After this time, Mr T knew AXA wouldn't be paying out on his claim, so had a responsibility to mitigate his costs. I can see on 26 November 2020 Mr T bought a new car – and has said the costs for insuring it were very high – so he continued using taxis. But Mr T couldn't have

known AXA were going to change their mind about paying out on his claim – nor whether we were going to agree his claim should be paid out. Despite that, he continued using taxis, and his invoice goes up to 13 May 2021. It wouldn't be fair for AXA to refund this, as they'd made their position clear, and it was Mr T's responsibility to choose the most appropriate option for his transportation needs at this point.

Whether the compensation of £500 paid is enough

The compensation of £500 has been paid by AXA to reflect their failings in handling Mr T's claim. So, I've looked at what's happened, to determine whether I agree compensation is fair.

Mr T first told AXA about his claim on 10 August 2020. It then took a bit of time for him to get the documents AXA needed (such as a V5C document) because they'd been in the car when it was stolen. Mr T provided those documents on 16 October 2020. The claim was then upheld on 13 April 2021 and paid on 5 May 2021. So, it took around nine months to pay this claim – of which for seven months AXA had all the information they needed to fairly decide the claim.

For a relatively straightforward issue, that's clearly an unacceptable amount of time.

Most concerning for me is that AXA weren't really listening to what Mr T was telling them. It seems AXA regularly made assumptions about what modifications had been made to the car – saying Mr T had made them all himself. There's a comment from an engineer saying they had concerns regarding this – but I can't really see anyone at AXA looking to properly clarify this matter with Mr T before turning down his claim and then cancelling his policy.

While I can't agree with Mr T's comments they were simply looking for a way not to pay his claim, as I've seen no direct evidence they were deliberately avoiding paying his claim, I do think human error means they've handled things very badly.

These errors led to immense frustration on Mr T's part, with him attempting to clarify on many occasions what the true situation was. My interpretation of his many contacts with AXA is he felt he needed to do this because he didn't feel like he was being listened to – something I agree with based on my review of everything I've been provided. And this went on for an extended period of time, due to no fault of his own.

So, in short, I can't agree £500 is enough. I think more is deserved, but I'll factor this into the overall figure, which I'll explain in the summary section below.

Not completing his SAR

From the information I've seen the reason Mr T wanted information from AXA about his data was primarily due to him being told the claim had been turned down – and the explanation he was given about that in the phone call.

AXA have said they sent Mr T the forms he needed to complete in April 2021 after he made a SAR, and again in June 2021 when they'd issued their complaint outcome following the settlement of the claim.

Based on what I can see though, Mr T was asking for phone calls he'd had with AXA back in October and November 2020. He didn't say he wanted a SAR specifically, as I've heard he only became aware of this specific right / terminology in a conversation with our Investigator in March 2021. But AXA seemingly ignored his repeated requests to provide copies of the

call recordings which he asked for – and I wouldn't expect Mr T to have to use the technical name for something in order to get what he's entitled to.

It's clear in the emails and his phone conversation with our Investigator how frustrating he found this. So, I'll consider this in the summary section.

Summary

Overall, I don't think AXA have handled Mr T's claim very well at all. From taking seven months to fairly decide an outcome, applying a cancellation they shouldn't have, not refunding costs they should have, and not providing him with a SAR.

So far, AXA have paid £500 compensation, but I think a fairer amount for this would be £1,000 in total. So, in addition to the £500 already paid, I'll require them to pay a further £500 to settle this matter.

Responses to my provisional decision

Mr T replied, saying thanks, he was pleased he'd finally be taken off CUE – and said he'd accept only being partially refunded for his taxi costs.

AXA said there seemed to be some confusion:

- They'd not registered Mr T's cancellation on any external databases, only internally which they would now remove. They have though uploaded the details of Mr T's theft claim to CUE, which they said won't be removed as the claim has been paid.
- They'll arrange a letter of indemnity for the period 15 June 2020 to 19 November 2020 as this covers the period when the policy was incorrectly cancelled. They said they couldn't offer cover beyond 19 November 2020 as the car was stolen on 2 August 2020.

They also agreed to the taxi and compensation payments I'd recommended.

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.

Firstly, I'd like to thank both parties for replying promptly, allowing me to finalise matters quickly.

I apologise for the confusion caused regarding what would be uploaded on to CUE. I've noted AXA's comments Mr T's cancellation was never uploaded externally to any databases, and their confirmation they'll remove this from their internal databases. That's fair because it removes all trace of it. But, for Mr T's peace of mind, I'll leave it as a requirement for AXA to remove the cancellation from external databases as well. So if, for some reason, Mr T becomes aware of AXA having recording this externally, he can remind them of my decision where I required them to remove that record.

I've also noted their comments on saying the theft claim needs to stay on CUE. That's correct and there isn't any reason why it should be removed as that's accurate reporting. So, although some record of the claim will remain on CUE, Mr T's concerns were about having to declare a cancelled policy on future insurance applications – which he shouldn't need to do in future subject to the questions he's asked. And, just to be clear, Mr T will most likely

need to declare he has still had a claim and will need to make sure he's answering the question he's asked in future carefully.

Putting things right

The actions I require AXA to take are:

- Remove any record of the cancellation of the policy from any internal or external databases.
- Provide Mr T with a letter of indemnity to explain the policy was cancelled in error by them.
- Refund Mr T £1,078 towards the costs of his taxis
- Pay 8% interest* on each payment from the date of the journey, to the date of the settlement. If AXA wanted to calculate the 8% for the whole figure from 12 October 2020 for ease, as this benefits Mr T, that'll be acceptable also.
- Pay additional compensation of £500, bringing the total compensation up to £1,000.

*HM Revenue and Customs requires AXA to deduct tax from the interest payment referred to above. AXA must give Mr T a certificate showing how much tax they've deducted if he asks them for one.

My final decision

For the reasons I've explained above, I partially uphold this complaint and require AXA Insurance UK Plc to carry out the actions in the "Putting things right" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 8 April 2022.

Jon Pearce
Ombudsman