

The complaint

Mr B complains about AA Underwriting Insurance Company Limited's (AA) attempts to repair his car following a claim he made under his motor insurance policy.

What happened

In November 2021 Mr B was involved in an accident and his car was damaged. He made a claim to AA and it arranged for repairs to be carried out. There were issues with the quality of the work. Mr B had to liaise with the garage and AA for remedial repairs to be completed. The car was eventually referred to the main dealer where it was found that further work was needed. This meant ordering components involving long delays.

AA says after the initial repairs were carried out a fault with the steering rack was identified with Mr B's car. It says the part was on back order and not expected for several months. It says because of the delays it offered Mr B a settlement payment for £21,500. It also offered £400 for the poor customer journey he had experienced.

Mr B wanted more compensation. He says he spent a lot of time liaising with and visiting the garages involved as well as with AA. He says he has been prescribed with anti-depressants as a result of this experience and has lost income.

Mr B paid for his car to be serviced by the main dealer. He says he agreed that once the car was repaired to its pre-accident condition it could be serviced and MOT'd. But he says this was done prior to the repairs being completed. He hasn't had the car returned and so hasn't benefitted from the car being serviced. Mr B wants the cost of the service reimbursed.

AA didn't think it should reimburse the cost of the service. It says it thinks there may be some confusion as to whether the car was written-off. But the car wasn't written-off it was repairable and so a service was required regardless of its decision to offer a settlement payment.

Mr B referred his complaint to our service. Our investigator upheld his complaint. He didn't think it was fair that Mr B had to pay for a service when the car wasn't returned to him. He also thought £600 compensation in total was a fairer amount, because of the poor service and delays. Mr B accepted our investigators view but AA didn't think this was fair and asked for an ombudsman to consider the complaint.

It has been passed to me to decide

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.

Having done so I have decided to uphold Mr B's complaint. Let me explain.

AA arranged for Mr B's car to be sent to one of its approved garages to be repaired, following his accident. From the records provided the repairs were completed by the end of

November 2021. Mr B noticed a number of issues with the car when it was returned to him and this meant it had to be sent back for further work to be carried out. This happened several times. I can see that issues with panel gaps were highlighted around the bonnet and lights. Mr B also reported hearing a knocking noise, the low battery warning was showing, and a tyre was deflating. He felt these issues were all related to the accident.

It was agreed that the main dealer for Mr B's type of car would examine the outstanding issues. Investigations continued through January 2022 and further problems were identified, including an issue with the steering rack. From the records delays were anticipated when obtaining the parts needed for the repair. The notes show this could be up to six months.

The parts arrived sooner than this and Mr B's car was reported to have been repaired in mid-February 2022, AA arranged for an engineer to inspect the car, to assess the repairs that had been completed. Mr B met with the engineer and they both test drove the car. Mr B reported noticing vibrations through the steering wheel that weren't present before the crash. He also highlighted an issue with the stop/start feature and an area where the paint was scratched. The engineer comments that the test drive was brief as the car ran out of fuel.

Following the engineer's inspection and the test drive with Mr B, the engineer proposed that Mr B should drive the car as normal for a period and report back any issues. He says the car may feel different to Mr B as he has been driving a different car for a period. He says he may need to give it some time to settle after the repairs and to get used to it again. The engineer thought the outstanding issues appeared relatively minor and could be repaired by AA's approved garage. However, he noted that Mr B wasn't confident in the repairs that had been carried out and didn't want to take the car back.

Throughout March 2022 the records show Mr B chased progress on the outstanding repairs on a number of occasions. At the beginning of April, the car was returned to Mr B. I can see from the notes that he raised concerns with the steering and told AA that he didn't think the car was safe to drive. After several more calls from Mr B the decision was made to provide a settlement payment for £21,500. There was a delay in providing the payment. From the records this wasn't sent until just over two weeks after it had been agreed.

Because of the ongoing issues with the repairs, the delays, and Mr B's lack of confidence that his car was fixed, I think AA's decision to offer a settlement payment was fair. I also think it was fair to offer Mr B compensation for the distress and inconvenience he was caused by the delays and poor handling of his claim. AA accepts that Mr B didn't have a good customer journey in its final response to his complaint – and offered £400 compensation.

We expect an insurer to carry out effective repairs to a good standard and in a timely manner. It's clear there were a number of issues with the work AA's approved repairer carried out. Mr B spent a significant amount of time liaising with this garage and the main dealer when arranging for his car to be inspected and for repairs to be completed. AA's repairer didn't identify the problem with the steering. This required prompting and persistence from Mr B for the matter to be investigated by the main dealer – where issues were then identified.

The claim was first registered at the beginning of November 2021. Because of delays and problems carrying out the repairs, it wasn't until the end of April 2022 that Mr B received the settlement payment. I note Mr B's reference to this matter causing him a lot of distress, that it has impacted on his work and that he has been prescribed anti-depressants as a result. I'm sorry to hear of this impact all of this has had on Mr B. I hope he is now feeling better.

In these circumstances I think a higher compensation payment for £600 is appropriate. This

is to acknowledge the failings in the service Mr B received from AA and the impact this had on him. I haven't seen evidence to support a claim for lost earnings as a result of the issues discussed here. So, I'm satisfied £600 is appropriate to compensate Mr B for the problems described.

I have thought about Mr B's comments that he paid for a service, whilst his car was still with the main dealer undergoing investigation and repairs. I agree that he hasn't benefitted from the service as AA kept the car. I also note his comments that he didn't agree to a service being carried out until the car had been repaired in full - but that the garage carried out the service anyway.

AA says that the car was due a service, so Mr B would've had to pay for this regardless of it agreeing to settle his claim with a cash payment. I acknowledge its view that it isn't responsible for paying for this.

I understand AA's argument, but Mr B expected his car to be repaired and to receive it back. Ultimately a settlement payment was agreed because of the ongoing issues with AA repairing the car. I think this was a fair way to settle the claim because of the ongoing issues. But I don't think Mr B will have agreed to pay for a service had he known he wouldn't get his car back. The payment was offered because of the problems with AA arranging an effective and timely repair of the car. In the circumstances I think it's fair that AA reimburses Mr B for the cost of this service.

Having considered all of this, I don't think AA treated Mr B fairly when arranging for his car to be repaired. I think its settlement payment was fair, but it should pay a total of £600 for the distress and inconvenience it caused him. AA should also reimburse Mr B for the cost of the service, which is a cost he incurred due to the issues that occurred in it arranging the repairs.

My final decision

My final decision is that I uphold this complaint. AA Underwriting Insurance Company Limited should:

- pay a total of £600 compensation for the distress and inconvenience Mr B experienced; and
- reimburse Mr B with the cost of the service that was carried out whilst attempts were being made to repair his car.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 16 September 2022.

Mike Waldron
Ombudsman