

The complaint

Mr J complains about how AXA Insurance UK Plc (AXA) settled a claim he made on his motor trade policy.

Reference to AXA includes its agents.

What happened

Mr J holds a motor trade policy with AXA. After Mr J's car was hit while parked, he made a claim to AXA for the damage. AXA accepted the claim and declared Mr J's car beyond repair and wrote it off. To settle Mr J's claim it offered him £1,515 minus the policy excess. It said if Mr J wanted to keep the car it would deduct a further 24% off the value to account for the salvage.

Mr J wasn't happy with this and complained. He thought the value was too low. He said it didn't take into account the model of his car, the optional extras or the new parts and labour he'd put into the car during his ownership. He also wasn't happy AXA didn't follow his communication preferences which put undue stress on his family – of which he said AXA knew was vulnerable. Mr J said he needed to release some capital too to allow him to purchase another vehicle which he wants reimbursing for.

AXA thought its offer was fair. It paid Mr J £125 compensation for the service he'd received throughout it, including not following his contact preferences.

Mr J didn't agree and brought his complaint to us. One of our investigators thought that AXA's offer was fair so didn't recommend it be increased. But she thought AXA should increase the compensation it offered by a further £100.

AXA agreed. But Mr J didn't, so, the case has been passed to me.

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 agree AXA's offer to settle Mr J's claim is fair and agree with the increased level of compensation recommended by our investigator and accepted by AXA. I understand this won't be the answer Mr J is hoping for. I'll explain my reasoning.

Mr J has made a number of points, all of which I've considered. But while I've considered them all, I'll only be addressing the key ones within this decision. Ultimately our role is to informally settle disputes between consumers like Mr J and businesses like AXA. And I've set out below what I consider the key points to this complaint are.

- Mr J's policy is a motor trade policy. In the event of a claim AXA say the most they'll pay is the trade value of the vehicle. The trade value is different and nearly always less than the market value of a vehicle.

- I've considered the available evidence and I'm more persuaded by the trade guides. Those guides gave a figure of £760 and £865 – both considerably less than the £1,515 AXA offered. The trade guides take into account the age, make, model and condition of the vehicle (including its mileage) and I'm satisfied they've valued the same model as Mr J's vehicle. I'm more persuaded by the guides than I am the adverts Mr J has presented. The adverts look to be the market value, and in general adverts are often less persuasive than the trade guides.
- I understand why Mr J would want some return on the time he spent working on this car. But he isn't insured for the labour spent on this car. He's insured for the trade value of the car. Any parts he's purchased are considered within the overall value of the vehicle too – he's not insured for the value of the vehicle plus the value of any parts he purchased unless those purchased parts add value. I've considered whether these purchased parts add any value to the vehicle and I'm not persuaded they do. It's more probable the car would be worth less, had these parts not been added because they'd affect the condition of it.
- I'm satisfied the amount AXA wants to deduct for the salvage of Mr J's car is fair. AXA has shown that it would expect to receive the same amount from its salvage agent. Giving the salvage to Mr J would mean it suffers a loss, so it's fair it passes this loss on to Mr J.
- Much of the distress comes from offering what Mr J perceives as a low offer, but I'm satisfied the offer is fair. So, the compensation reflects only what AXA got wrong. AXA didn't provide good customer service throughout this claim. Mr J had to chase more than could reasonably be expected. And his communication preferences weren't always adhered to which caused unnecessary stress on Mr J and his wife. This stress could have been avoided because Mr J told AXA about the impact of not following his communication preferences. That said, I agree a total of £225 is adequate compensation for the distress and inconvenience AXA caused Mr J.

My final decision

For the reasons set out above, I partially uphold this complaint. To put things right I require AXA Insurance UK Plc to:

- Pay Mr J £100 compensation (taking the total to £225) for the distress and inconvenience caused by its handling of his claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 30 December 2022.

Joe Thornley
Ombudsman