

The complaint

Mrs D complains about AA Underwriting Insurance Company Limited (AAIC) and the service she received after she notified them of her involvement in a road traffic accident.

What happened

Mrs D held an insurance policy that was underwritten by AAIC. Unfortunately, on 9th December 2021, Mrs D's car was damaged while it was parked and unattended on a supermarket carpark. A third-party car had reversed into a sign that had in turn fallen onto Mrs D's car, causing significant damage.

Mrs D utilised a separate roadside assistance policy to recover her vehicle on the day. And the following day, she contacted AAIC to notify them of the accident and make a claim on her insurance policy. But due to the fact the damage was caused by a third-party, through no fault of Mrs D's own, AAIC took the decision to refer Mrs D's claim to a separate claims management company, who I'll refer to as "X", who would in turn recoup the costs from the third party insurer.

But following this referral there were difficulties locating Mrs D's car and arranging for it to be taken to a garage to be repaired. Mrs D entered into a continuous conversation with AAIC regarding this over the following days, who worked with X and the initial recovery agent to locate the car and ensure it was taken to the correct place. But Mrs D was unhappy with the service she received during this, so she raised a complaint.

Mrs D was unhappy with AAIC's decision to refer her to X. And she was unhappy with the stress and inconvenience she was caused when speaking to AAIC to try and understand where her car was located. So, she wanted to be compensated for this.

AAIC responded to Mrs D's complaint and didn't uphold it. They thought their decision to refer Mrs D's claim to X was a fair one, as it meant she wouldn't need to pay a policy excess and would receive a like for like courtesy car. And they thought the difficulties regarding the locating of her car, and its transportation to a repairing garage, fell under the remit of X, rather than themselves. So, they didn't think they needed to do anything more. Mrs D remained unhappy with this response, so she referred her complaint to us.

Our investigator looked into the complaint and upheld it. They thought AAIC had acted fairly when referring the claim to X, as Mrs D had confirmed to our investigator this would've been the choice she'd have made had she fully understood the reasoning. But our investigator thought AAIC could've done more to ensure Mrs D understood their role in the claim process and what actions needed to be taken when she spoke to them after the referral had been made. So, our investigator recommended AAIC pay Mrs D £100 to recognise the upset this caused Mrs D, considering her individual circumstances.

Our investigator initially stated this offer was above an additional £30 AAIC had already made. But it's since been confirmed the £30 was offered by the company who initially recovered Mrs D's car, who are regulated separately to AAIC. Our investigator has made Mrs D aware of this and she recognises this £30 will not impact this decision.

But Mrs D accepted our investigators recommendation that AAIC should pay her £100. However, AAIC didn't. They thought the issue that led Mrs D to call them was the responsibility of X, not theirs. So, they thought they'd acted more than fairly by attempting to assist Mrs D even though the claim had been referred away from them. So, they didn't think it was fair that they should be the ones to compensate Mrs D.

Our investigator considered this challenge but didn't agree. And they maintained their view that, on calls between AAIC and Mrs D, there was clear confusion created and that AAIC could've done more to prevent this. So, they felt the £100 payment was a fair recommendation. AAIC continued to disagree and so, the complaint has been passed 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.

Having done so, I'm upholding the complaint for broadly the same reasons as the investigator. I've focused my comments on what I think is relevant. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome.

Before I explain why I've reached this decision, I think it would be useful for me to explain exactly what I've been able to consider. It's not in dispute that AAIC took the decision to refer Mrs D's claim to X. So, from this referral, the progression of the claim and the way it was handled falls under the responsibility of X rather than AAIC and so, hasn't been considered as part of this complaint.

I'm also aware that Mrs D raised a complaint with the company who arranged the original recovery, who offered to pay Mrs D £30. It's my understanding that Mrs D didn't cash this cheque and so, she will need to work with that company to receive another valid cheque. This is because they are regulated separately to AAIC and so, AAIC aren't responsible for their actions or payment of any compensation they offer.

What I can consider is AAIC's decision to refer Mrs D's claim, and the way they communicated this to Mrs D. And, while they weren't responsible for the progression of Mrs D's claim from this point, I can consider the service they provided to Mrs D on her phone calls to them as Mrs D remained a customer of theirs as she held a valid insurance policy that they are the underwriters for.

I can see Mrs D has confirmed that, if she'd understood the referral process and the benefits of this, then she would've elected to pass her claim to X from AAIC. So, I'm satisfied AAIC's decision to refer Mrs D's claim was fair, and in her best interests.

But from the call recordings I've been provided, I've heard that AAIC were unable to speak to Mrs D to confirm this referral. So, they confirmed it in a voicemail, where Mrs D was unable to ask questions or confirm her understanding. And I think this contributed to the confusion Mrs D then faced over the coming days.

I've then listened to the calls between AAIC and Mrs D from the date of referral through to 15 December, when her car was located. While I don't in any way feel as though location issues were the fault of AAIC's, I do think they could've done more to help ease Mrs D's confusion with how they handled the calls.

In these calls, I think it was clear Mrs D was confused and failed to understand the difference between AAIC and X. And I think there were several occasions where this could've been made clearer to Mrs D. Again, I appreciate X also had a responsibility to introduce themselves and explain this to Mrs D as well, but I don't think this means AAIC had no responsibility at all here.

Also, in two of the calls, I think it became audibly clear that Mrs D's confusion because a source of frustration to AAIC's handler. And while I do think the handler had taken steps to try and rectify Mrs D's situation when they didn't necessarily need to do so, I think the tone the handler took in parts of conversations held with Mrs D were slightly abrupt. I also think the handler could've done more to help Mrs D navigate the situation, for example where they asked Mrs D to state where she wanted to car the be taken to when I think it was already clear Mrs D was confused and seeking assistance.

So, I do think there were elements of the service AAIC provided that could've been better. So, I don't think I can say they've acted fairly and because of this, I've thought about what I think they should do to put things right.

Putting things right

When thinking about what AAIC should do to put things right, I've thought about the individual circumstances of the complaint and so, Mrs D's own personal situation.

I think it's clear Mrs D was confused regarding the claim process. And I think this would've been stressful and upsetting for Mrs D, especially considering her vulnerabilities. While I do think AAIC were fair to refer the claim, I think they could've made this clearer. And I think their failure to do so added to Mrs D's confusion and so, the stress and upset she felt.

I also recognise Mrs D had to speak to AAIC on several occasions to try and understand her claim situation, and the location of her car. And I think this would've been inconvenient. Had AAIC acted fairly, and been clearer in their communication with her, I think the amount of times Mrs D needed to speak to AAIC could've been reduced. And so, the stress and upset caused to her would've been lessened. I also think there were times where AAIC's frustrations became apparent on the phone calls and I think this tone would added to Mrs D's already clear upset and confusion.

Our investigator recommended that AAIC pay Mrs D £100 to recognise the confusion and upset she was caused. And I think this recommendation is a fair one, that falls in line with what I would've directed had it not already been made. I think it fairly compensated Mrs D for the impact I've detailed above, while also taking into consideration the fact AAIC were acting in Mrs D's best interests and attempted to find a solution to an issue in the claim process that was the responsibility of X's, and not theirs.

My final decision

For the reasons outlined above, I uphold Mrs D's complaint about AA Underwriting Insurance Company Limited and I direct them to take the following action:

- Pay Mrs D £100 to recognise the upset and confusion she was caused by the lack of communication and guidance she received regarding her claim referral and the recovery of her car.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 9 January 2023.

Josh Haskey
Ombudsman