

## **The complaint**

Miss D complains about AA Underwriting Insurance Company Limited's handling of a claim made on her motor insurance policy. She wants it to reimburse the repair bill she paid and complete repairs to her car.

## **What happened**

Miss D's car was damaged in an incident and AA tried to recover it. In doing this, Miss D said it caused damage underneath the car and to the door sills. Miss D said AA told her that it would repair the car's ignition as this had been damaged in the accident. But it later said the dealer's garage had said this was unrelated, even though it hadn't yet assessed the car.

AA's independent assessor later said a full diagnostic report would be needed to decide this. Miss D was unhappy that this hadn't been repaired and that there was still cosmetic damage to the car. AA paid Miss D £400 compensation for the trouble and upset caused. It also offered her a cash settlement for the repairs. But Miss D said this wouldn't cover the repairs costs.

Our Investigator recommended that the complaint should be upheld. He thought AA had taken the car to the dealer's garage and was responsible for the repair costs incurred. So he thought it should reimburse Miss D this cost. He thought the evidence showed that AA had damaged the underneath of the car and its sills. He thought it hadn't justified not repairing the ignition fault. And he thought it hadn't repaired the body work.

So he thought it should either carry out these further repairs or pay Miss D a cash sum to have them made, with interest. But he thought its compensation for Miss D's trouble and upset was fair and reasonable.

AA replied that the repair work Miss D had had done included work to the ignition that wasn't accident-related. AA asked for an Ombudsman's review, so the complaint has come to me for 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.

Miss D said her car was hit by another car rolling back into hers. Miss D made a claim, but AA had trouble finding a repairer to carry out the repairs. Four months later, I can see from its file that it told Miss D to take her car to the dealer's garage for the bodywork repair, but the garage wasn't able to carry this out. Miss D then found that the car's electrics weren't working. There were faults with the ignition, and later the handbrake and locks.

AA declined to cover the electrical faults in Miss D's car under her claim. It said these were excluded from cover as stated on page 14 of the policy booklet:

*"What is not covered*

*(d) Mechanical, electrical, electronic or computer fault, failure, malfunction or breakdown."*

So I've looked to see what happened and whether or not AA has justified its decision that the electrical faults weren't accident-related and so not pay for their repair.

AA instructed an independent engineer to look at the required repairs. AA said he found that the electrical faults were unrelated to the accident. But I don't agree. I can see that he estimated the repairs needed for the front of Miss D's car in March 2022 and said,

*"The owner stated that the incident happened in December, and that a fault for not starting has occurred since February, this I understand has been diagnosed by [the dealer's garage] as an ignition fault, it is my opinion that this is not related however a full diagnostic and report from [the dealer's garage] would be required to confirm not incident related."*

But I can't see that this was carried out although AA's notes state that it twice instructed the car to be taken to the dealer's garage for diagnosis. It took a further two months for this to be arranged, but I can see that Miss D was kept mobile during this time.

AA then told Miss D that the garage had said the fault wasn't accident-related. But I think this was an error because at that stage the garage hadn't been able to get into the car to carry out the diagnosis.

When Miss D then complained, AA agreed that there had been poor communication, delays and poor service. It paid Miss D £400 compensation for this, which I think was fair and reasonable in the circumstances and in keeping with our published guidance for the impact these errors had.

But Miss D said she was then left without a courtesy car for three weeks until she had the electrics repaired at the cost of £1,120.32, including £400 for the garage to gain access to her car. AA said it was for Miss D to pay for these repairs as they were unrelated to the accident. But, as I've said above, I don't think AA established this as I've seen no evidence that the garage carried out the required diagnostic following the independent assessor's advice.

I can see from its file that AA repeatedly told Miss D that it would take car to the dealer's garage for repairs. It didn't tell her that this would exclude the electrics. And AA didn't warn Miss D that she would be liable for the cost of repairs. So Miss D was left with an undriveable car and had no choice but to pay for the repairs herself. But I'm satisfied AA is responsible for the repairs to the electrics and I think it should reimburse Miss D for this cost, with interest from the date of payment.

Miss D also complained that AA's recovery agents had damaged the underneath of her car and the door sills whilst trying to gain entry to the car. From AA's file, it accepted that it had most likely caused this damage. So AA said it would arrange a further assessment by the independent engineer of the repairs needed in order to pay Miss D a cash sum instead of carrying out these repairs.

This report was received and then reviewed three months later. Miss D had said there was damage to two door sills. But the engineer noted damage to only one door sill and estimated the repair cost as £844.30. But I can't see sufficient detail in his report to explain how he had identified the damage AA was responsible for and why he discounted the damage to the other door. And I can't see that he examined the underneath of the car to check for the damage Miss D alleged had been caused by AA.

So I can't say that AA has justified its decision to pay for repairs to just one door sill. And I think it should put this right by carrying out the repairs or paying Miss D sufficient for all the repair work to be done, following an assessment at a garage.

The front of the car has yet to be repaired. AA said it had forgotten about this when it decided that the electrical faults were unrelated to the claim. It then took Miss D's courtesy car back and she was without transport for three weeks until she paid for her car to be repaired. The independent engineer assessed the cost of this repair to the bumper to be £1,153.51. And I think AA should pay Miss D this amount or else carry out the repairs, and also pay Miss D £210 for three weeks loss of use of her car. AA has lately agreed to do this.

I can understand that Miss D feels frustrated that her car still hasn't been fully repaired a year after the incident. AA paid her £400 compensation for the impact of its delays, its level of service and miscommunication up until August 2022. AA then offered cash in lieu of the outstanding bodywork repairs. Miss D didn't then accept this offer as her other complaint points hadn't been addressed.

So I think it's fair and reasonable for AA to add interest to the cash payments if it decides to pay these rather than repair Miss D's car. I think interest should be added to the payments from the date it wrongly decided not to repair her car, 1 June 2022, until the date of settlement.

### **Putting things right**

I require AA Underwriting Insurance Company Limited to do the following:

1. Reimburse Miss D for the £1,120.32 repair bill and add interest to this amount at the rate of 8% simple per annum from the date of payment to the date of settlement†.
2. Either repair the damage to the underneath of the car and both car sills, following a garage's assessment, or pay Miss D a cash settlement to cover this cost in full. If the payment is in cash, interest should be added to this amount at the rate of 8% simple per annum from 1 June 2022 until the date of settlement†.
3. Either repair the accident-related damage to the body work or pay Miss D a cash settlement to carry out this repair in full. If the payment is in cash, interest should be added to this amount at the rate of 8% simple per annum from 1 June 2022 until the date of settlement†.
4. Pay Miss D £210 compensation for the loss of use of her car for three weeks.

†If AA considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss D how much it's taken off. It should also give Miss D a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons given above, my final decision is that I uphold this complaint. I require AA Underwriting Insurance Company Limited to carry out the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 5 January 2023.

Phillip Berechree  
**Ombudsman**