

## **The complaint**

Mr K says AXA Insurance UK Plc didn't pay him enough when he made a claim after his car was written-off. He says it also provided poor service in general.

## **What happened**

Mr K's car was damaged by an unknown driver whilst it was parked and unattended. When the car was written off, Mr K didn't accept the initial or the increased sum AXA's salvage agent offered him for it. AXA's engineers reviewed the settlement offer and said there was no reason to raise it. Mr K didn't think that was fair. He also thought AXA hadn't done enough to establish who the other driver was. And he thought it had misled him about getting uninsured sums (such as the policy excess) back. He didn't think he should have been charged an extra £42 premium when he made the claim either.

One of our investigators reviewed Mr K's complaint. He thought AXA had offered him a fair market value sum for his car. He said the £42 was charged when AXA realised it had the wrong occupation recorded for Mr K. He thought AXA had made reasonable attempts to obtain CCTV evidence and had tried to identify the insurer of the car that collided with Mr K's vehicle. He didn't think Mr K was misled by AXA about uninsured losses. In the investigator's opinion, AXA closed the claim appropriately when it had to abandon its attempt at recovering its outlay from another party.

Mr K didn't accept the investigator's opinion. He made a substantial number of comments about it, which the investigator addressed. As Mr K still wasn't persuaded that AXA had acted reasonably, the complaint was passed to me for review.

## **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.

### *The valuation*

Mr K's policy says the most AXA will pay should the car be written-off is its market value. We think the best way to establish a vehicle's market value is to use the figures published in the national trade guides. The guides base their figures on extensive national research into likely selling prices. As the research is ongoing, the guides remain current, and I think it's fair to say that market trends are reflected in them. AXA's salvage agent followed our approach in offering Mr K the improved sum for his car (£3,754) by using the guides.

In general, we don't think advertised prices are persuasive, as they're usually inflated to allow for negotiation. But if a consumer provides adverts, we consider them. I can see from AXA's file that the salvage agent looked at the adverts Mr K provided but didn't find them persuasive. Two cars were priced at around £3,700, but the higher-priced cars had much

lower mileage and one was newer than Mr K's car. The agent found other adverts, ranging from £3,100 to £4,200 (an average of £3,782.50 - so in line with the trade guide figures). When Mr K complained about the settlement sum, AXA checked the guides and adverts but didn't see a reason to increase it. Our investigator checked that the figures relied on by AXA and its agent were correct – and I also checked them.

Mr K's car has features such as an electronic sunroof, leather interior and satellite navigation that other cars of the same make, model and age don't usually have, so I understand why he thinks it's worth more than he got for it. Unfortunately, extra features on second-hand cars don't always make a difference to their value (especially on cars over seven years old) as their value depreciates. Recently, we got a bespoke valuation for Mr K's car of £3,750. As it took into account the uncommon features on it, I don't think AXA's valuation was wrong.

#### *AXA's investigation and the outcome of the claim*

I think AXA made reasonable attempts to get hold of any CCTV evidence that might be available. It contacted the council within the period for which footage is retained by it, but the council said there was no footage. AXA tried again when Mr K told it there was another camera that should have footage of the incident. The council didn't respond. Although I take Mr K's point that AXA could have chased a response, I'm not sure what the value of the footage would have been anyway. I don't think it would have affected the claim's outcome.

AXA had already accepted that Mr K's car was damaged whilst parked and that another car had collided with it. I think it's unlikely that the driver could have been identified from the footage, even if he or she could be seen clearly (which is often a problem with CCTV images). And AXA already had the car's registration plate number. It used that to try to find the car's insurer – but no insurer for the car was showing on database records. In the circumstances, I think it was reasonable for AXA to decide it had no option but to abandon its attempt to recover its outlay from elsewhere and stand the loss it incurred on the claim.

AXA recorded the outcome of the claim correctly on the claims and underwriting exchange database ('CUE'). It shows the sum paid out by AXA and the fact that Mr K's no claims discount was allowed. Unfortunately, any claim made on a policy - regardless of fault – is likely to lead to increased premiums for a consumer when taking out future policies. I understand why Mr K isn't happy about that, as he had nothing to do with the accident. But I don't think AXA did anything wrong in completing the CUE record as it did.

#### *Uninsured losses*

In my opinion, AXA didn't mislead Mr K in terms of getting his policy excess back - or in saying that he may be able to recover the £50 petrol he put in the car the day before the incident. Neither of these items is covered by the policy, so they're uninsured losses. But such losses can be claimed back from the party responsible for an accident. It's very unfortunate that in this case the driver couldn't be identified, and the other car wasn't insured. So there was no-one for AXA or Mr K to claim their outlay and losses from. As a result of that, Mr K was left out of pocket - and AXA lost out financially too. But I don't think AXA did anything wrong in relation to this issue.

#### *Extra premium*

Mr K says AXA should have said what the full premium was going to be at the outset. But at that point it based the premium partly on Mr K's stated occupation. When it found out that his occupation was different, that generated a small extra premium. So I think it was reasonable for AXA to make the extra £42 charge.

### *In summary*

I understand why Mr K is unhappy about the claim, but in my opinion the major problem was that the other driver couldn't be identified, and the other car wasn't insured. AXA had to deal with the situation regardless and I think it acted reasonably in doing so. In particular I think it valued Mr K's car correctly, in line with our approach. It then paid him its market value, in line with the policy's terms and conditions. I sympathise with Mr K, who has lost out as the result of a 'hit and run' incident. But I don't think there's evidence that AXA acted unreasonably in relation to any of the issues Mr K has complained about.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 February 2023.

Susan Ewins

**Ombudsman**