

The complaint

Mr R complains that AA Underwriting Insurance Company Limited (AA Insurance) failed to contact him about a claim from a third party following an accident, and delayed in dealing with the repairs to his car.

What happened

In January 2022 Mr R had a car accident for which he was held liable.

The damage to his car was minor and so he asked AA Insurance to let him know if the third party made a claim, as he wanted to settle it directly with them.

Mr R heard nothing further from AA Insurance about repairs to his own car and so he assumed that as there was no third-party claim, the matter had been put on hold unless the other party claimed.

However, in May 2022 Mr R discovered that AA Insurance had settled the third-party claim in April 2022 without telling him, and so he raised a complaint. He then decided that as there was now a claim on the policy he might as well have his car repaired too and advised AA Insurance that he would like the repairs done. There was some confusion in getting these authorised which caused some delay.

In their final response AA Insurance have partially upheld Mr R's complaint. They said that although they were entitled to settle the claim as they saw fit, they accepted that they could have told him about it sooner.

Mr R was unhappy with AA Insurance's response and brought his complaint to us.

One of our investigators has looked into Mr R's complaint and he agreed that AA Insurance could have communicated better, and thought that in recognition of this, they should pay Mr R £100 as compensation for distress and inconvenience.

Mr R didn't think this was enough compensation and so the case has come to me to 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.

I am upholding Mr R's complaint and I will explain why.

When Mr R first contacted AA Insurance, he was told that normally liability would be accepted in these circumstances, as he pulled out from the side road where the third party had the right of way. However, Mr R told AA Insurance that the third party was indicating left to turn off and so they advised they would make some investigations to see if there was any CCTV. However, no footage could be located.

Mr R told AA Insurance that he didn't want to claim for the damage to his vehicle and asked them to let him know if there was a third-party claim as he wanted to settle it direct. As he heard nothing further from AA Insurance Mr R assumed no third-party claim had been made.

However, the claim notes show that AA Insurance did receive a third-party claim in April 2022 and they settled it without contacting Mr R. Mr R wasn't made aware of this until AA Insurance made contact with him in May 2022 about repairs to his own vehicle. He was unhappy that all this had taken place without his knowledge when he had specifically asked to be contacted.

In their final response on 23 June 2022, AA Insurance told Mr R that they had looked into his complaint, but that they were satisfied that they had settled the claim fairly, because even if the third party had been indicating to turn left, liability rests with them as Mr R should have waited until the third party had started to turn before pulling out safely. And so, they had correctly settled it as a fault claim.

They further advised that they had been unable to contact Mr R prior to settling the claim as the third-party insurer had already had the repairs done, and they were contacted for reimbursement of these costs. However, they have accepted that they could have let him know about the position sooner, and they apologised for this.

I appreciate that Mr R would have preferred to settle with the third party privately so as to not affect his premiums, and I can also understand why he says that the amount of the claim seems high for the damage that was caused in the incident. However, there is a term in his policy at page 25 of the policy booklet, under Section 17.3 subsection 4 (b) which says:

- The Insurer will be entitled to take over and conduct at the Insurer's expense in Your name or in the name of any other person insured by this Insurance Document:
- (i) the negotiation defence or settlement of any claim;
 - (ii) (ii) legal proceedings to recover for the Insurer's own benefit any payments made under this insurance You or any other person covered by this insurance must give the Insurer all documentation, help and information they may need

And so, I'm satisfied that AA Insurance were entitled to settle the claim as they have done without reference to Mr R. Even if they had contacted Mr R as soon as the third party notified them of the claim it wouldn't have changed the position because the repairs had already been done.

However, I do think there is a customer service failing in AA Insurance not letting Mr R know about the claim at the earliest opportunity, especially as he had specifically asked them about this, and it was recorded on the notes. This has caused him some inconvenience, and I can also see that there was further delay and confusion in Mr R's own repairs being authorised.

And so, taking all of this into account, I am satisfied that an award for distress and inconvenience is appropriate, and I agree with the investigator that £100 adequately reflects this. I haven't looked at any delay in the repairs being undertaken after 23 June 2022, as this would need to be the subject of a separate complaint.

Putting things right

To put things right, AA should pay Mr R 100 for distress and inconvenience.

My final decision

I am upholding Mr R's complaint about AA Underwriting Insurance Company Limited and I am directing them to put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 20 February 2023.

Joanne Ward
Ombudsman