

The complaint

Ms P complains about the way AA Underwriting Insurance Company Limited (AAUICL) handled a claim she had following an accident.

What happened

Ms P has an insurance policy which she bought through a broker (AAISL). The policy was set up as an AA branded policy but has a separate underwriter (UW). In August 2021 Ms P was involved in an accident which she reported to AAISL.

Ms P told AAISL that a car had driven out from a sideroad and hit her car. She said it was non-fault accident on her part. So, AAISL offered Ms P its “After the Event” insurance policy. This was a separate policy, underwritten by AAUICL. And its the service provided under the cover of this policy that Ms P is complaining about. This policy is used when a claim is non-fault and it allows a customer to go through the claims process, without having to claim on their own comprehensive insurance policy. It means the customer doesn’t have to pay an excess and it provides the customer with an option of a courtesy vehicle.

Ms P says that making this claim using the “After the Event” policy set in motion a litany of events that caused her delays, inconvenience and frustration. She says:

- AAUICL made her an offer for her car which was a total loss, which it then retracted. Ms P then says that AAUICL passed her to UW who made a lesser offer for her vehicle. Ms P says AAUICL didn’t tell her that by reverting to UW she would receive less for her car. She says this caused her a financial loss.
- AAUICL repeatedly ignored her, lied to her, and acted with incompetence causing her anxiety and stress. Ms P says she was fobbed off to UW with incomplete information. Ms P says AAUICL made errors whilst setting up her complaint, meaning she had to contact AAUICL numerous times in October 2021.
- AAUICL completely ignored a witness to her accident, lied about this and then delayed making contact with the witness.
- AAUICL failed to call her back for days after requesting to speak to a manager.

Ms P complained to our service. AAUICL reviewed its file again and said it would pay Ms P £100 in compensation.

But Ms P doesn’t agree, and she would like more compensation. Ms P says we haven’t dealt with all the complaint points she raised. So, the complaint has come to me to decide.

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 it in part. I’ll explain why.

When Ms P reported the accident as non-fault, AAISL offered Ms P a chance to avail of an "After the Event" policy from AAUICL free of charge. Let me explain what this is and how it works.

Normally, when a policyholder makes a claim on their own comprehensive policy, the cost of the claim will be paid by the UW of that policy. But there is usually a cost to the policyholder. The policyholder will have to pay an excess, because a claim has been made. There can also sometimes be a cost to the policyholder for car hire.

If a policyholder doesn't want to pay an excess, he/she can deal with the third-party insurer directly. In this scenario it's likely the policyholder would be liable for their own car hire and they would have to communicate with the third-party insurer themselves.

With "After the Event" cover, AAUICL manage the claim without the policyholder having to go through their own UW. This is particularly good if a third party is fully at fault and has admitted liability. However, I need to be clear here, The AAUICL's only role under this cover is to manage the policyholders claim with a third-party insurer. It's not meant to investigate liability or deal with the policyholder's own underwriter. Its sole purpose is to manage the claim with the third-party in the policyholder's place.

The incident was reported on 19 August 2021. Ms P called AAISL and during this call she was offered the "After the Event" policy.

But I think -based on the email exchanges Ms P later had with AAUICL, and the content of her complaint points with us - that Ms P was and is confused about how this policy works.

So, lets deal with the total loss valuation that Ms P says was "*guaranteed*" to her. As I said above, the "After the Event" policy is just in place to handle the claim on Ms P's behalf. It's clear from the terms and conditions that it doesn't cover total loss. The policy says, "*What is not insured - The value of your vehicle if your vehicle is a total loss*". Its only role here is to provide Ms P with a valuation for the vehicle, and then put this valuation to the party that collided with Ms P. It's not up to AAUICL to pay this amount to Ms P. It's up to the third-party insurer, or her own UW to pay this part of the claim.

I know Ms P says she was told this valuation was guaranteed to her. But in the absence of a call recording it's hard to know what Ms P was told (there was a technical issue and the call didn't record). All I can say is that it wasn't the place of the "After the Event" policy to guarantee anything. Its sole role was to value the car for Ms P. So, I think it's more likely than not that AAUICL put a value on the car, and Ms P misunderstood AAUICL's role in the process, and thought that's what she was getting for her car. So, I can't see that AAUICL did anything wrong here.

Ms P has since told us that she's received approximately £315 less than what AAUICL told her her car was worth from UW. I know Ms P thinks this is AAUICL's fault. But it's not. If UW decided to reduce the value of the car then that is solely UW's decision. If Ms P disagrees with this valuation, that's a separate complaint against the UW, and I won't be dealing with this issue in this final decision. However, as an aside, I do note that excess was due on the payment from UW, and this may be the reason there's a difference in the amount Ms P received.

The next issue I want to deal with is the independent witness and AAUICL's role in the claim investigation. When AAUICL contacted the third-party insurer, it denied liability for the accident. There was a delay in obtaining a response from the third-party, so this caused a delay in the next steps for AAUICL. I know Ms P says AAUICL was incompetent and delayed contacting the witness. She says this delay caused financial loss and increased premiums.

But again, I stress, the “After the Event” policy wasn’t in place to value Ms P’s car or investigate the claim. Even though AAUICL had all the details from the beginning, it only became necessary to contact the witness or investigate what happened when the third-party denied liability. This was not AAUICL’s fault. It only stepped in at a point that further investigation was required to gather information for UW. And it’s UW’s role to investigate, not AAUICL’s. I know there was a hold up in processing the witness statement once received. But from the evidence provided I don’t see that AAUICL did anything wrong here either.

I’d also like to touch on the service Ms P received and what happened when she complained. Ms P was clearly confused and asked to speak to a manager on 20 October 2021. She emailed a further three times and this was only acknowledged on 4 November. Another email dated 12 November would suggest there was still no call. So, I think Ms P did receive some poor service from AAUICL, and I do think she needs to be compensated for this inconvenience.

Once the complaint came to our service, AAUICL reviewed it and offered to pay Ms P £100 in compensation for the distress and inconvenience caused by its poor service. An award of £100 is usually suitable where there have been repeated small errors requiring a reasonable effort to sort out or where we see lower levels of distress, disappointment and loss of expectation. And I think that’s the right amount to compensate Ms P. I know she wants more, and she believes she’s been very much wronged by AAUICL. But from reading the correspondence Ms P has sent, I firmly believe that Ms P misunderstood the role of the AAUICL’s “After the Event” policy in her claim, and her expectation far exceeded the cover that it offered. I appreciate and acknowledge Ms P’s frustration. But from what I can see apart from some poor service provided, AAUICL didn’t do anything wrong, and if Ms P has any further issues in relation to claim investigation or the value of her car, they need to be addressed to the UW of her policy.

My final decision

My final decision is that I uphold this complaint in part. I require AA Underwriting Insurance Company Limited to:

- Pay Ms P £100 compensation in total (if it hasn’t already done so) for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms P to accept or reject my decision before 1 March 2023.

Derek Dunne
Ombudsman