

The complaint

Mrs P complains about the way AXA Insurance UK Plc (AXA) has dealt with her claim following a road traffic accident.

What happened

In December 2021 Mrs P made a claim on her motor insurance policy following a no-fault traffic accident.

Mrs P received a letter from AXA confirming the claim and outlining how it would progress. She uploaded photos of the damage to her car to AXA's claims portal and the car was then collected and taken to a garage. When Mrs P checked AXA's portal for updates, she saw that her car was deemed a total loss although the garage repair hub indicated that the car was being repaired. Mrs P also received emails from AXA's salvage agent saying that the car was a total loss. Mrs P contacted AXA to query what was going on. She received an email on 16 December 2021 advising that the car was at the garage awaiting repair.

Mrs P then saw further conflicting information in AXA's portal and the repair hub. She was also contacted again by the salvage agents who made a settlement offer. Mrs P emailed AXA asking for clarification and where her car was. She said she would like to get an independent assessment of the damage before considering the settlement as she thought the car was repairable. Mrs P received no response from AXA. On 17 January 2022 and 31 January 2022 Mrs P emailed AXA saying that she was making a complaint regarding the handling of her claim.

AXA contacted Mrs P on 2 February 2022 saying it had logged her complaint. It agreed to make enquiries to confirm where the car was. It said the car was initially deemed repairable but when fully inspected it was assessed as a total loss. It said its own in-house engineer would contact Mrs P to offer a settlement.

Mrs P then brought her complaint to this service. She thought the car could be repaired and wanted to get her own assessment of the damage. She also complained about the poor customer service and that she was not advised where her car was. She had paid for a hire car and wanted AXA to cover this.

In May 2022 Mrs P received a phone call from AXA's inhouse engineer. He confirmed the car was a total loss and valued it at £14,500 with a salvage value of £5,800. The estimate for repair was £9,430.40 including vat. He also confirmed where the car was located. AXA later accepted to us that its communication with Mrs P could have been better and offered £250 compensation, although it couldn't see that that it had ever informed Mrs P that her car was repairable. It said that if Mrs P had incurred additional costs, it would consider these if provided with full details.

Mrs P didn't accept AXA's offer of compensation. She said she was clearly told by AXA that the car was being repaired and received a guarantee for the repairs. She hadn't received any explanation for this or agreement for her car to be independently assessed. She also said that she had not received a reply from AXA about her complaint.

Our investigator thought that it was reasonable for AXA to rely on the engineer's report to conclude that the car was a total loss but thought it would be fair for Mrs P to be given the opportunity of having the car independently assessed if she wished. He thought the £250 compensation offered by AXA for poor service was fair. Mrs P didn't agree and asked for an ombudsman's decision.

My provisional decision

On 30 January 2023 I issued a provisional decision. I said:

"This complaint is about the service Mrs P received from AXA during her claim. AXA used agents to act on its behalf and as they were instructed by AXA, it's responsible for their actions.

I've looked at AXA's claim notes and the emails between Mrs P and AXA and its agents. It's clear to me that the communication with Mrs P was poor and there was confusion about the role of AXA's agents – the salvage company and the repair company. The initial letter Mrs P received after her claim didn't mention that any agents might be in contact with her, and I can see that this caused confusion for Mrs P.

AXA say that they don't believe that they told Mrs P that her car was repairable. I don't think that there is any dispute that AXA's hub showed the car to be a total loss. However, I've seen a copy of an email dated 16 December 2021 from AXA clearly telling Mrs P that it understood the car was repairable and it was waiting for repairs to begin. I've also seen a screenshot dated 14 January 2022 from the repair hub showing that Mrs P's car had been repaired and that she could download the repair guarantee. So, I'm satisfied that Mrs P was told by AXA that her car was being repaired.

I've seen copies of emails from the salvage company asking Mrs P for her car registration documents and personal details. They also offered settlement for her claim. I think it must have been very confusing for Mrs P to be receiving information from the salvage agents regarding her car being a total loss at the same time as being told it was being repaired.

Having looked through AXA's notes and copies of emails, I'm satisfied that communication with Mrs P was poor. Mrs P raised a number of queries with AXA about the contradictory information but doesn't appear to have received a full or timely response. Mrs P had to chase queries in December 2021 and again in January 2022. In an email of 17 January 2022, she complained asking where her car was, who collected it and for confirmation that the repairs were complete. She also queried why she was still getting emails from the salvage agent and why the AXA portal was showing the car as a write off. I can't see that Mrs P received a reply to this.

Mrs P emailed AXA again on 31 January 2022 saying that she was going to refer her complaint to this service. AXA responded saying that her complaint was logged and that it was chasing up where her car was. It said the car was initially deemed repairable from the photos but when fully inspected it was considered to be a total loss. It said its own in-house engineer would be in contact to offer a settlement. Mrs P then appears to have heard nothing further from AXA until its in-house engineer telephoned her in May 2022 and offered a settlement.

Mrs P has clearly not had the level of service that she should. AXA accepted this and offered £250 compensation. However, I don't think this goes far enough. AXA's lack of communication has resulted in distress and inconvenience for Mrs P and delay in her claim being progressed. The issue of what was happening to her car was clarified in early

February 2022 – two months after the incident. Mrs P was left frustrated by the lack of communication from AXA and I note the in-house engineer only made contact with Mrs P in May 2022 – over three months after AXA said they would contact Mrs P with an offer. Mrs P has been without the use of her car during this time. She is self-employed and says she has been able to use her daughter's car for work most of the time but has had to hire a car on two occasions. Bearing all the above in mind, I think an award of £500 compensation for distress and inconvenience would be fair.

I also think it fair for AXA to cover the reasonable cost of the car hire due to the delays in the claim being progressed. Mrs P should provide receipted invoices for the car hire to AXA. AXA should also pay interest at 8% on this sum as Mrs P has been without the use of this money since the day she made payment.

Mrs P has said she'd like her own engineer to assess the damage to her car, and I think this is reasonable. AXA have told Mrs P where her car is, so Mrs P can arrange this if she still wishes to do so."

Responses to my provisional decision

AXA accepted my provisional decision.

Mrs P provided copy receipts for hiring a car on four separate occasions totalling £1,710.05.

Mrs P also said that she wants to be reimbursed for her continued car insurance. She says she renewed her car insurance in June 2022 as she didn't trust AXA to cover her claim if she didn't renew. She also says she would not have had to renew for so long if AXA had dealt with her claim more quickly. AXA responded that it would not have denied Mrs P's claim on the basis that she didn't renew her car insurance. AXA also pointed out that the car remained at their salvage agents and Mrs P had made a Statutory Off Road Notification (SORN).

Mrs P asks that the £500 compensation for distress and inconvenience be increased due to the prolonged time taken to resolve matters and because AXA made no attempt to engage with her.

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've considered carefully what both parties say about the insurance, but I don't think it reasonable to expect AXA to cover this cost. Mrs P made a SORN – declaring her car was being kept off road – and in these circumstances she didn't have to insure it (unless she wanted cover for damage or theft) and I think it likely she would have been aware of this. AXA also made an offer to settle before the renewal – an offer that Mrs P says she is now willing to accept. I've not seen anything to suggest that AXA would have refused Mrs P's claim if she didn't renew her insurance and so I don't think it fair to ask AXA to reimburse this cost.

Whilst I understand how strongly Mrs P feels about the level of compensation, I took into account AXA's poor service and the delays in my provisional decision. I haven't seen anything new which makes me change my mind and I'm satisfied that £500 compensation for distress and inconvenience is fair.

As AXA accept the hire costs, I think it fair that it pays Mrs P £1,710.05 with interest at 8%.

Finally, Mrs P says that she will now accept AXA's offer of £14,500 in settlement of her claim for the car. This offer was not part of Mrs P's complaint to us, so I've not considered it further. My provisional decision said I thought it fair that Mrs P be given the opportunity to have her car inspected – and this remains my view should Mrs P decide she still wishes to do so. I suggest Mrs P contacts AXA if she wishes to accept the settlement offer.

For the reasons stated above, my final decision remains the same as my provisional decision.

My final decision

My final decision is that I uphold this complaint and require AXA Insurance UK Plc to:

- allow Mrs P to have her car examined by her own engineer should she still wish to do so;
- pay Mrs P £500 compensation for distress and inconvenience; and
- pay Mrs P £1,710.05 car hire costs plus interest at 8% from the date Mrs P made payment to the date the money is refunded to her.

If AXA Insurance UK Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs P how much it's taken off. It should also give Mrs P a certificate showing this if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 3 April 2023.

Elizabeth Middleton
Ombudsman