

The complaint

Mr A complains about delays and poor claim handling by AXA Insurance UK Plc (AXA) following the theft of his car, under his motor insurance policy.

What happened

Mr A's car was stolen in December 2021. The thieves took his car keys from inside his home, which they used to take his vehicle. They also stole his wife's car in the same way although he confirms she has separate insurance cover in place.

Mr A says his car was recovered the same day. AXA took possession and arranged for the keys and locks to be changed. He says a courtesy car wasn't provided until late January 2022. The car he received was much smaller than his. Mr A says delays occurred in arranging a suitable repairer. When a repairer was assigned further problems occurred because the garage changed owners.

Mr A says he's made a lot of calls to AXA to find out what was happening and hasn't been kept updated. He's paid a number of instalments towards the finance on his car whilst it's been in AXA's possession. He says its value has depreciated during this time. Mr A wants AXA to provide compensation for the unacceptable delay in carrying out the repairs.

AXA responded to Mr A's complaint in May 2022. In its letter it says there have been delays due to unavoidable waiting times in parts being supplied. It says this is outside of its control. AXA acknowledges the change in ownership of its appointed repairer contributed to the delays. It also says communication has been poor and it hasn't been proactive in making contact.

In its complaint response AXA acknowledges there was a delay in providing Mr A with a courtesy car. It says it explained to him, in its email in December 2021, that this was because of a nationwide shortage of vehicles. It offered £210 compensation at the time, which Mr A didn't accept. AXA concluded its response to offer £300 compensation for the service issues Mr A experienced. This was in addition to £50 for its delayed response to his complaint.

Mr A didn't think this was fair and referred his complaint to our service. Our investigator didn't uphold his complaint. He acknowledged the standard of claim handling hadn't been good but thought the compensation offered by AXA was fair.

Mr A didn't agree. He says there has been an emotional impact on him and his wife due to AXA's lack of communication and the delayed repairs. He says this is down to its poor claim management. Because of this Mr A asked for an ombudsman to consider his complaint.

It has been passed to me to decide.

I issued a provisional decision in January 2023 explaining that I was intending to uphold Mr A's complaint. Here's what I said:

provisional findings

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 my intention is to uphold Mr A's complaint. Let me explain.

I can see that AXA arranged for Mr A's car to be assessed and repaired by its approved repairer in December 2021. From the records provided there were issues with availability meaning the repairer couldn't commit to the work. Mr A's car was then sent to another repairer towards the end of the month. Mr A says he was able to borrow a friend's car, but this had to be returned in January 2022. After he gave the car back, I understand he was without a vehicle for three days until a courtesy car was provided by the repairing garage.

Mr A complains that the courtesy car he received was small and not a like for like replacement with his car. I've read his policy terms to understand what type of vehicle is expected to be provided. The terms say:

"a courtesy car will be provided whilst an approved repairer fixes your car (subject to availability)"

And:

"...the insurer's recommended repairers will not be obliged to arrange a replacement vehicle any larger than a small hatchback, typically with a 1 litre engine capacity. If you wish to upgrade to any other vehicle the cost of the upgrade will be your responsibility."

The courtesy car Mr A received was a small one litre hatchback. This is in line with the terms of his policy. I acknowledge his comments that for a "typical repair duration" the courtesy car isn't required to be like for like. But in this case, given the extended duration of the repairs, the type of car provided was problematic. Again, Mr A refers to his car being a much larger family car with seven seats.

I've thought about the impact the much smaller car had on Mr A and his family. The terms are clear in that there is no requirement for the repairer to provide anything other than a small hatchback. But I think Mr A makes a valid argument that if the repairs take longer than they reasonably should, it's fair that this impact is considered.

In its response to Mr A's complaint AXA told him that there had been delays due to waiting times for specific parts. It says the supply and waiting times for component parts is outside of its control and so it didn't uphold this part of his complaint.

I'm aware that global supply chain issues have significantly impacted the motor industry over the period in question. In some cases, this has resulted in long delays when obtaining the components needed to effect repairs.

I asked AXA for more information about why there was such a long delay. I highlighted Mr A's point that his wife's car was stolen at the same time. The repairs involved the same parts and for the same make of car. These repairs were completed by the end of January 2022, so within around two months. This was far quicker than AXA was able to arrange the repairs to Mr A's car.

AXA says it contacted its repairer to query the reasons for the delays, but it was unable to obtain a substantive response.

I also asked AXA to confirm when the parts needed to repair Mr A's car were ordered. He thought this was delayed because of the repairer's change of ownership. The repairer responded to say that Mr A's vehicle came on site at the end of December 2021. It says the locks and key fob were ordered at the end of April 2022.

I asked AXA to explain why the parts weren't ordered until April 2022 when the car was with its repairer since December 2021. But it wasn't able to obtain a response from its repairer to this point.

AXA doesn't have control over global supply chain issues impacting the motor industry. But based on the information I've seen its repairer delayed ordering the parts needed for the repair for around four months. This was within its control and AXA must be considered responsible for this delay.

AXA responded to Mr A's complaint in May 2022. My remit here is to consider the issues included in his complaint up to this point. I can see that Mr A's car still hadn't been repaired at this time.

I think it's clear that AXA is responsible for a delay of around four months in the progression of the repairs because of the delay ordering parts. It was established at an early juncture that the locks and key fobs needed replacing. AXA hasn't provided a clear explanation why its repairer took so long to place the order. Because of this I think AXA should compensate Mr A for the day-to-day disruption and inconvenience it caused him over this prolonged period.

I've also thought about the fact AXA didn't provide a courtesy car until 21 January 2022. This was a period of around seven weeks from when Mr A first claimed. AXA highlights a national issue with the supply of cars at this time. It says this meant a vehicle wasn't available.

I've considered that Mr A was able to borrow a car from a friend for the majority of this time. I accept this wasn't ideal. But he was able to mitigate the impact of not having his car for this time. This left a period of three days when he didn't have a car to drive. In these circumstances I think it's fair that AXA compensates Mr A for the inconvenience this caused.

I've also thought about the time and effort Mr A made when contacting AXA to obtain updates about the repairs and to progress matters. He says he made over 100 calls with very little contact from AXA or its agents unless specifically requested. Mr A also says that on occasion no responses were received.

I've read the records provided by AXA as well as Mr A's submissions. I can see that he was in regular contact with AXA. I don't think the records provided by AXA show every contact. But I have no reason to doubt Mr A's testimony that this involved a lot of time and effort on his part. In its complaint response AXA acknowledges that a poor standard of communication was achieved throughout Mr A's claim. Based on what I've read I think this is a fair summation. It's fair that AXA compensates Mr A for the inconvenience and frustration it caused him.

I note Mr A's reference to AXA not carrying out its due diligence when appointing the repairer, it did. I acknowledge the change of ownership of the repairer was problematic and caused confusion and delays. But I don't think it's been shown that AXA acted unreasonably when appointing it to carry out the repairs to Mr A's car.

We're not the regulator. That is the role of the Financial Conduct Authority (FCA). It's not within the remit of this service to tell an insurer how it should assess and appoint the repairers it uses. My role is to consider Mr A's individual complaint, and the impact any failings on AXA's part have had. So, although I acknowledge Mr A's concerns, I'm not able to

comment further on this point. But I'm satisfied my decision takes into account the impact AXA's failings have had on Mr A.

I've thought about Mr A's comments that he has continued to pay the finance payments due on his car while the car has been with AXA's repairer. He also says the car's value has depreciated over this time.

I'm sorry Mr A has been without his car for such a long period, but I can't reasonably say that AXA is responsible for his finance payments or for any depreciation in value his car has suffered. Mr A would be expected to pay any finance agreement regardless of whether his car was undergoing repairs under an insurance claim. Similarly, although I think AXA should compensate Mr A for the inconvenience, frustration and anxiety it caused for the delays and poor handling of his claim, I don't think it's responsible for any depreciation in the car's market value that may have occurred.

AXA offered Mr A £350 compensation in total for its poor communication and claim handling. I don't think this takes into consideration the four month delay its repairer caused when not ordering parts in a timely manner. I also think the business should do more to acknowledge the frustration, inconvenience and distress it caused Mr A for the time and effort involved when communicating with it and its agents. The onus was on Mr A to make contact to find out what was happening, and this was over an extended period. This shouldn't have been the case.

In the circumstances described I think a total compensation payment of £700 is fairer to acknowledge these issues.

I said I was intending to uphold this complaint and AXA should:

- pay Mr A £700 compensation for the distress, frustration and inconvenience caused by its delays, poor communication and poor claim handling.

I asked both parties to send me any further comments and information they might want me to consider before I reached a final decision.

AXA responded to say it accepted my provisional decision.

Mr A didn't respond with any further comments or information for me to consider.

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.

As neither party has made any further submissions or provided further evidence for me to consider, I see no reason to change my provisional findings.

So, my final decision is the same as my provisional decision and for the same reasons.

My final decision

For the reasons I've given above and in my provisional decision, my final decision is that AXA Insurance UK Plc should:

- pay Mr A £700 compensation for the distress, frustration and inconvenience caused by its delays, poor communication and poor claim handling.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 10 April 2023.

Mike Waldron
Ombudsman