

## **The complaint**

Mr P complains about how AA Underwriting Insurance Company Limited (AAUICL) dealt with a claim on his After the Event Insurance policy.

## **What happened**

Mr P was involved in an accident in his car. The next morning, he called his insurance broker to claim on his motor insurance policy for the damage to his car.

Instead of claiming on his car insurance policy Mr P was referred to a “non-fault” accident management company (AMC). At the same time he was provided with an After the Event (ATE) insurance policy with AAUICL. The ATE policy covers Mr P for the recovery of his car, repairs to his car, storage for his car and the cost to hire a replacement car while his is repaired.

AAUICL arranged to assess the damage to Mr P’s car and notified the third party’s insurer of the claim. The next day the third-party insurer responded to AAUICL disputing liability. AAUICL assessed the images of Mr P’s car and deemed it to be what’s known as a “total loss”. At this point AAUICL valued Mr P’s car and then wrote to the third-party’s insurer to request payment for it. The request for settlement was sent to the third-party insurer almost 6 weeks after it had said it was disputing liability.

The third-party insurer then responded a week later to say it wasn’t accepting liability and that it had raised this with AAUICL almost 7 weeks earlier. As the third-party insurer wasn’t accepting liability for the accident, AAUICL referred Mr P back to his motor insurer to deal with the claim for his car. Unhappy with how the claim was progressing Mr P complained. He said he’d been given incorrect information when he called to claim and wasn’t happy with how the claim was being handled.

AAUICL reviewed the complaint and partially upheld it. In the final response letter, it acknowledged errors in the call Mr P initially made to his insurance broker. AAUICL also acknowledged delays in the claim on the ATE policy and that Mr P had endured long hold times when trying to get through. Due to this Mr P was offered £150 compensation for the poor claim handling. Unhappy with AAUICL’s response Mr P referred his complaint here, he said he wasn’t happy with the settlement for his car, that he’d been given incorrect information when he initially called to claim and that his claim had been poorly handled.

Our investigator reviewed the complaint and found the final response letter covered the actions of Mr P’s broker and those of AAUICL. As they’re different legal entities she divided the compensation in half to account for each parties’ errors. Our investigator also found that AAUICL’s poor claim handling on the ATE policy had delayed Mr P’s claim being passed back to his car insurer. Due to this she recommended AAUICL pay Mr P an additional £175 compensation, bringing the total compensation for its errors to £250.

AAUICL responded and queried which compensation was split between the broker and AAUICL. As AAUICL hasn’t agreed to our investigator’s outcome the complaint has been passed 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.

Before I explain my findings, I feel it would help to explain that Mr P's complaint covers three different businesses who are separate legal entities. Because of this we've had to split his complaint and set them up against each business responsible for the different aspects.

Mr P made the first notification of loss call to his broker to report the claim, that aspect will need to be considered against his broker. I'm aware his broker also acts as an agent for AAUICL. While the final response letter covers the first notification of loss call and the actions of AAUICL, as they're separate legal entities, I have to consider them separately.

In doing so in this decision I will only be looking at what AAUICL is responsible for under the ATE policy. I'm aware we also have two other complaints, one against Mr P's broker about the first notification of loss call and one against his car insurer about when the claim was passed back to them to deal with.

When Mr P was referred to AAUICL, it had a responsibility to deal with his claim promptly. The policy says that it only provides cover for one "non-fault" claim. I can see that AAUICL notified the third-party insurer of the claim and that it held the third-party responsible for the accident. The third-party's insurer responded the next day to explain it didn't agree and instead thought Mr P was at fault.

In these situations, it would be normal for AAUICL to refer the claim back to Mr P's insurer, as liability is in dispute. However, this didn't happen until almost seven weeks later, and after the third-party insurer had told AAUICL for a second time that it wasn't accepting liability. I'm therefore satisfied that AAUICL's poor claim handling resulted in almost a seven week delay in Mr P's claim being logged with his insurer. I've therefore looked at the impact this has had.

Mr P has had to unnecessarily chase AAUICL for updates, he's also now been delayed in having his claim assessed by his insurer by almost seven weeks. This is likely to cause a delay in having any claim payment made and has resulted in additional unnecessary distress and inconvenience to Mr P following what is a deeply disturbing event, the car accident. I'm therefore satisfied AAUICL should compensate Mr P for this.

As the final response letter covers the actions of Mr P's broker and AAUICL, I'm satisfied a fair and reasonable starting point is to split the compensation equally between the two businesses. That means for AAUICL's errors, its offered Mr P £75. Given the impact its poor claim handling had on Mr P, as explained above, I'm satisfied AAUICL should increase this by £175. So, in total AAUICL needs to pay Mr P £250 for the unnecessary distress and inconvenience caused.

## **My final decision**

For the reasons explained above, my final decision is I uphold this complaint. I require AA Underwriting Insurance Company Limited to pay Mr P a total of £250 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 September 2023.

Alex Newman

**Ombudsman**