

The complaint

Mr B complains that AXA Insurance UK Plc mishandled his claim on a motor insurance policy.

What happened

The subject matter of the claim and the complaint was a car or multi-purpose vehicle, first registered in about 2009.

Mr B had a comprehensive policy for the car with AXA.

Unfortunately in late March 2022, an accident caused injury to Mr B and damage to the car. AXA's salvage agent took the damaged car.

AXA provided a courtesy car but only for about three weeks. Mr B needed a car to get to work. So he bought a replacement vehicle, which he has said cost £1,300.00.

AXA said the damaged car was a total loss in salvage category B (to be broken for spares). AXA said that the pre-accident value of the car had been £4,300.00.

Mr B complained to AXA that it hadn't settled his claim before its salvage agent offered his damaged car for sale. He said he had asked to keep the car for parts. He also complained that the salvage agents had taken fuel from his car, and he only managed to get £50.00 from AXA for that.

By a final response dated mid-August 2022, AXA upheld the complaint in part. It said it had already paid compensation for cancellation of hire and for fuel. AXA said it was sending Mr B a further £225.00 compensation for poor service.

We began to investigate the complaint. AXA offered a further £150.00 compensation, plus a further £50.00 for the fuel, a total of a further £200.00. Our investigator thought that was fair, but later changed his mind.

Our investigator recommended that the complaint should be upheld in part. He thought that Mr B had lost the opportunity to salvage the engine, gear box, and leather interior that would've been worth £1,750.00. But Mr B would've had to pay a salvage deduction of 12% of £4,300.00, that is £516.00. The investigator recommended that AXA should pay Mr B:

1. £1,200.00; and
2. the additional £200.00 that AXA offered for compensation and lost fuel,

AXA agreed with the investigator's opinion.

Mr B disagreed with the investigator's opinion. He asked for an ombudsman to review the complaint. He says, in summary, that:

- His car had a full service history with parts he knew were in great working condition.

- The engine had a new timing belt and pump.
- AXA have never explained why they took the hire car, leaving him with no car and no money for the car.
- AXA were aware he wanted the car back. He asked to buy the damaged car many times.
- AXA sold the car before it paid him.
- He asks how AXA have legally disposed of the car.
- He lost £100.00 of spare tyres that were still good.
- He could've used the interior trim of his car for its replacement.
- He's lost £3,000.00 plus of parts. The investigator's values for second hand parts are too low.
- He would've had the weighing- in of the scrap.
- He wants his car returned to him.
- AXA caused him stress.
- He says the minimum would be £3,000.00 less £129.00 salvage fees = £2,781.00 plus minimum of £200.00 compensation and fuel.

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.

AXA's policy terms covered Mr B's car up to its pre-accident market value.

The policy terms provided that AXA would arrange a courtesy car for up to 14 days.

The policy terms included the following:

"We will also arrange for your car to be moved to a place of free and safe storage until it is repaired, sold or scrapped. The salvage of your car will become our property after your claim is settled."

So the damaged car would become AXA's property after it settled the claim.

Mr B says that AXA or its salvage agents mishandled his enquires about keeping the damaged car – and sold the car before paying him for it.

I accept that AXA should've responded more positively to Mr B's enquires – even though the car was in category B. So I accept that AXA wrongly deprived Mr B of the opportunity to buy the damaged car at a price of about £500.00.

However, I find that AXA settled Mr B's claim for the car on about 27 April 2022 – without any deduction for salvage. And I find that AXA's salvage agent initiated the sale of the damaged car on about 28 April 2022.

So I don't find AXA responsible for selling the car before it settled Mr B's claim. I'm satisfied that it disposed of the car lawfully. I don't find it reasonable to direct AXA to do anything to get the damaged car back for Mr B.

We wouldn't usually expect an insurer to pay for fuel left in the car.

In any event, AXA paid the pre-accident value of the car. That includes all its parts such as its engine and interior trim. So – whilst I don't doubt that Mr B feels a sense of loss- I don't find it fair and reasonable to direct AXA to pay compensation for financial loss.

I don't doubt that shortcomings in AXA's communication caused Mr B some extra inconvenience and distress at an already difficult time for him.

Putting things right

Mr B has said that AXA paid him £50.00 for fuel.

AXA's final response said it was sending Mr B £225.00. Later, through us, AXA offered a further £200.00.

Later still, AXA agreed with the investigator's recommendation that it should pay additional sums of £1,200.00 and £200.00.

In total, that's a significant amount over and above the pre-accident market value of the car – and much more than I would otherwise have found fair and reasonable. But as AXA has made that offer, I find it fair and reasonable to hold AXA to it. I don't find it fair and reasonable to direct AXA to pay interest in addition.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint in part. I direct AXA Insurance UK Plc to pay Mr B (in addition to its previous payments set out above):

1. £1,200.00 for loss of opportunity to salvage parts of the car; and
2. £200.00 for distress and inconvenience and for lost fuel.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 April 2023.

Christopher Gilbert
Ombudsman