

The complaint

Mr Q complains about AXA Insurance UK Plc's settlement of a claim under his car insurance.

What happened

The background to this complaint is well known to both parties, so I'll provide only a brief summary here.

Mr Q had car insurance underwritten by AXA. He made a claim on 16 November 2022 after an accident the previous day.

AXA took the car for assessment. But it was around four months later, on 15 March 2023, that they informed Mr Q the car was a write off and paid his claim.

Mr Q complained to AXA about the delays and the fact he hadn't had a car for four months.

AXA responded in February 2023 to say they hadn't yet completed their investigation into Mr Q's complaint. They said because eight weeks had passed since he made the complaint, he was entitled to refer it to our service – which he did.

Our investigator looked into it and didn't think AXA had treated Mr Q fairly or reasonably. She thought they should pay Mr Q £10 per day for 112 days to reflect the fact that Mr Q had been denied the use of a car in that period due to AXA's errors. And she said they should pay Mr Q a further £250 in compensation for his trouble and upset.

AXA disagreed with our investigator's assessment. They said they'd offered Mr Q a courtesy car, which he'd declined. They also said Mr Q wasn't entitled to a courtesy car under the terms of the policy.

Our investigator explained why she still thought the proposed outcome was correct and asked AXA if they wanted to refer the case to an ombudsman. Because AXA didn't reply to that request, the case has been referred to me now for a final decision.

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 are right to say the policy terms don't provide for a courtesy car in this situation. The terms say the policyholder will be entitled to a courtesy car whilst their own vehicle is being repaired. They're not entitled to a courtesy car if the car has been written off, or whilst AXA decide whether to repair the car or write it off.

I think AXA are missing the point here though. They took four months to decide whether the car was a write off or not – or at least, to inform Mr Q of that decision and pay his claim.

That's not reasonable and not fair to Mr Q. AXA haven't provided any explanation – either to

Mr Q in response to his complaint or to us – for that extreme delay. There appears to be no reason or excuse for it, other than incompetence and poor claim handling by AXA and/or AXA's agents.

So, the argument that the policy terms mean Mr Q wasn't entitled to a courtesy car in the period where his car was being assessed is entirely without merit. Mr Q was left without his car – or the financial means to replace it – which is what he's entitled to under the policy terms, for fully four months. And that was because of AXA's errors and delays in handling the claim properly.

I note AXA's point that they offered Mr Q a courtesy car and he declined. If they had offered him a car to cover the entire period, I'd say it was Mr Q's fault if he was left without a car having not accepted that offer.

However, AXA offered to give Mr Q a courtesy car for five days. Understandably, he didn't wish to accept that as a full resolution of his situation and/or his complaint. AXA say they intended the five days to be a minimum period, after which the provision of the car would be reviewed and possibly extended. But I can't see any evidence that they explained this to Mr Q.

In summary, AXA's errors (or their agent's errors) led Mr Q to be without a car – or the means to replace his vehicle – for four months. He was entitled to think that after he made his claim, he would either have his car repaired (and a courtesy car provided whilst it was being repaired) or a cash settlement so that he could replace the car at its current value, within a reasonable period of time.

Putting things right

We think £10 per day is fair and reasonable compensation for an individual who has been deprived of the use of a car.

Our investigator calculated that it was around 119 days or so from the claim being made to Mr Q being paid the settlement by AXA.

She asked them to pay the £10 per day redress for 112 days (in total £1,120). This reflects the fact that she thought a week was sufficient time for AXA to have made an assessment of the car – and decided it was a write off. And I'm satisfied that's not unreasonable.

She also noted that Mr Q had experienced a degree of stress and frustration during this period, because he didn't know what was going to happen and couldn't understand the delays.

It's also true that AXA's communication with Mr Q during this period was very poor. He had to chase them for information on progress of his claim and often, when they did respond, their explanations were unclear and/or didn't address the points Mr Q had made.

Bearing all of that in mind, I'm also satisfied that the compensation our investigator suggested for Mr Q's trouble and upset - £250 - was entirely fair and reasonable. This quite prolonged experience must have been upsetting, frustrating and stressful for Mr Q.

I can see that when she sent her view to both Mr Q and AXA, our investigator made a small error in calculation, asking AXA to pay Mr Q £1,320 in total. Whereas in fact, I'm going to require them to pay £1,370 (£1,120 for loss of use of a car plus £250 compensation).

But that error is of no real consequence in terms of what our investigator suggested as the

outcome to his case, so there's no purpose at all in my giving AXA another chance now to respond to the very slightly amended outcome set out in this *final* decision.

My final decision

For the reasons set out above, I'm upholding Mr Q's complaint.

AXA Insurance UK Plc must pay Mr Q a total of £1,370 - £1,120 for loss of use of a car for 112 days plus £250 in compensation for his trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 16 August 2023.

Neil Marshall
Ombudsman