

The complaint

Mrs K and Mr K complain that Automobile Association Insurance Services Limited (“AAISL”) referred them to an Accident Management Company (“AMC”) to handle the repairs to their car rather than arranging for the insurer to handle a claim under their motor insurance policy.

Mrs K has acted as the main representative during the complaint process. So, for ease of reference, I will refer to any actions taken, or comments made, by either Mrs K or Mr K as “Mrs K” throughout the decision, save for when events relate specifically to Mr K.

What happened

The background to this complaint is well known to the parties so I won’t go into detail but will summarise the key points. Mrs K says she was involved in an accident which wasn’t her fault. She reported this to AAISL, as the broker of the policy, who then referred her to an AMC to arrange the repairs. Mrs K says she collected her car but later noticed problems with the repairs, so she notified AAISL who referred her back to the AMC. Mrs K says the repairer kept her car for a day and she was informed the repairs had now been completed. Mrs K says, when she went to collect her car, she could see no further work had been done. Mrs K says she raised a concern and the repairer explained she would need to discuss any issues with the AMC. Mrs K says the AMC offered to send her car back to the repairer, but she wasn’t happy with this as a resolution. Mrs K complained to AAISL as she says she wasn’t made aware the car repairs weren’t being handled under her policy. AAISL didn’t respond to her complaint, so Mrs K referred her complaint to our service.

Our investigator looked into things for Mrs K and Mr K. She thought AAISL didn’t give clear information to Mrs K and Mr K about the options available to them for their car repairs, and recommended AAISL pay Mrs K and Mr K £100 compensation. AAISL agreed but Mrs K and Mr K disagreed so the matter has come to me for a 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.

Having done so, I’ve decided to uphold the complaint. And, I think the investigator’s recommendation here is a fair way to resolve matters. I understand Mrs K and Mr K will be disappointed by this but I’ll explain why I have made this decision.

Before going into the merits of the complaint, I think it’s important to address a point raised by AAISL. They say another business handled the first notification of loss call and made the referral to the AMC. I accept that was the case, but I’m satisfied this business was acting in the capacity of AAISL’s agent. The policy booklet sets out the steps Mrs K will need to take to make a claim. It says, “*Report the accident to our [call handling company] team...*” and it notes a number for Mrs K to call. Mrs K took these steps and spoke with the business handling calls on behalf of AAISL. Given that AAISL is asking their customers to call this

business, I believe this business is acting as AAISL's agent. And therefore AAISL, as principal, is responsible for the agent.

When AAISL referred Mrs K to the AMC they were obliged to provide her with information that was clear, fair and not misleading, in line with their obligations under Principle 7 of the FCA Handbook: Communications with clients (PRIN 2.1.1R The Principles) and ICOBS 2.2.2R (Clear, fair and not misleading rule). In the circumstances of this case, this means that when Mrs K contacted AAISL to claim, they ought to have provided her with clear information about her options, so she could decide how best to proceed with getting her car repaired.

The policy booklet doesn't provide any detail about the non-fault process. So, to decide this complaint, I've listened to a recording of the first notification of loss call. Mr K explains the accident circumstances and it being the third party's fault. Mr K says he agreed with the third party for the repairs to be done privately but the third party wasn't moving things forward. During the call, and after all accident details are taken, the call handler says, *"I'm going to look at getting your car fixed...bear with me a moment while I get the repair company up. So, it's going to be the same company doing your hire car and repairs and they're called [AMC]."* The call handler explains they're a national company and they'll contact Mr K.

Mr K asks if he can use his own garage and the call handler explains this can potentially slow down the process. Mr K asks why, and the call handler says, *"We've approved these garages, so these are people that we work with..."* and she then explains things can get slowed down if they use a garage which hasn't been subject to their checks. The call handler checks the system and explains Mr K's suggested garage isn't on their list of approved repairers. Mr K explains his garage might be able to get his car in for repairs fairly soon, and the call handler explains the hire car the AMC would provide would likely be similar to Mr K's car but if he chooses to go with his own garage then it would be for them to arrange a hire car. The call handler also explains Mr K would then need to deal with the insurer but *"...at this point, I can deal with you."* The call handler explains the AMC will have garages local to Mr K and he then agrees to continue – and is transferred to the AMC.

Based on this call, I don't think that AAISL provided Mrs K with clear, fair and not misleading information in a balanced way to enable her to choose which option she would like to use. There is only slight reference made to the insurer, but I don't think AAISL made it clear that the AMC was acting as a separate company, or that the repairs would be dealt with outside of Mrs K's regulated insurance policy. I don't think that the referral set out both the advantages and disadvantages of using an AMC rather than claiming on her policy. Neither did AAISL explain to Mrs K that she might not be able to complain to AAISL or our service if something went wrong.

As I don't think that AAISL provided Mrs K with clear, fair and not misleading information, I have to consider what she would have done if the information had been clear as well as the impact of the poor referral on her. While it's impossible to know for definite what would have happened if Mrs K had been given clear information, I have to reach a decision based on what I think is more likely than not. Having done so, I'm not persuaded that Mrs K would've proceeded with a claim against her policy – and I believe it's more likely than not she would still have chosen the AMC option.

I say this because, under the terms and conditions of Mrs K's policy, it says she would be entitled to a standard courtesy car during the period of the repairs. It describes a standard car as *"normally a small 3 door, 1 litre hatchback car."* In the first notification of loss call, during the discussion about Mr K using his own garage, the call handler mentions Mr K would receive a like for like car by using their repairer. Mrs K has confirmed to our service she received a seven-seater car from the AMC's repairer and a three door, five-seater car wouldn't have been suitable as they are a family of six. So, I believe, in the circumstances of

this case, the need for a like for like car, is particularly persuasive when deciding which option, I believe, Mrs K would likely have chosen.

Even though I'm not persuaded the situation would've been any different - in that Mrs K would likely still have chosen the AMC route - there is still an impact on Mrs K in not being able to make a fully informed decision. While making a claim will always lead to a certain amount of distress and inconvenience, in this particular case, I believe that the poor referral has caused Mrs K unnecessary distress and inconvenience. It's clear Mrs K thought AAISL were still connected with the process involving the car repairs as she contacted them when experiencing problems with the quality of repairs. It caused Mrs K distress when learning AAISL were no longer involved in this process and then discovering the limited options available to her to sort out these issues. So, I think the fair and reasonable outcome for the distress and inconvenience caused is for AAISL to compensate Mrs K for this – and I think £100 is fair and reasonable in the circumstances.

Putting things right

I've taken the view that AAISL haven't provided clear, fair and not misleading information to Mrs K. So, AAISL should pay Mrs K and Mr K £100 to compensate for the unnecessary distress and inconvenience caused.

My final decision

My final decision is that I uphold the complaint. Automobile Association Insurance Services Limited must take the steps in accordance with what I've said under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K and Mr K to accept or reject my decision before 29 October 2023.

Paviter Dhaddy
Ombudsman