

The complaint

Mr R complains about how AXA Insurance UK Plc dealt with a motor insurance claim he made.

AXA are the underwriters (insurers) of this policy. Part of this complaint concerns the actions of their appointed agents. AXA have accepted they are accountable for the actions of their agents. In my decision, any reference to AXA should be interpreted as also covering the relevant actions of their appointed agents.

What happened

The background to this complaint is well known to both Mr R and AXA. In my decision, I'll focus mainly on giving the reasons for reaching the outcome that I have.

Mr R had a motor insurance policy with AXA. In November 2022, Mr R was involved in a road incident following a flood. His car suffered damage and he made a claim on his policy with AXA in December 2022. Mr R says the delay in notifying AXA was because he was having difficulty getting through to AXA throughout November. AXA then approved repairs in February 2022.

Mr R made a complaint to AXA as he was unhappy with the time they took to deal with things. He said as a result of their delays, he incurred costs such as hire car charges. AXA partially upheld his complaint and offered a payment of £430, including a payment of £105 towards hire car costs for 14 days and £25 for how they'd handled the complaint. This was to recognise that things didn't happen as they'd have liked. Mr R remained unhappy and referred his complaint to our Service for an independent review.

Our Investigator considered the complaint and recommended that AXA pay Mr R an additional £270 to put things right. As AXA didn't accept the recommendation, the complaint was referred to me for a decision. I recently sent both parties a copy of my provisional, intended findings. As the deadline for further responses has now passed, I've considered the complaint 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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service.

Both parties were sent a copy of my provisional decision. Mr R didn't respond by the deadline given and AXA responded to accept my proposed findings. As no new evidence or comments have been provided by either party, I see no fair or reasonable reason to deviate from my intended findings – as set out in the provisional decision.

My final decision won't be considering how AXA handled the complaint Mr R made or the £25 offered - as complaint handling, generally, isn't a regulated activity that our Service can consider.

It's not in dispute that things didn't happen here as well as either party would've liked. I say this because AXA have already made an offer in this complaint and in their final response letter stated: *"Due to an internal error, the service instruction was not raised correctly on your claim. This in turn caused delays with our repair authorization."* My decision will focus on what needs to happen to put things right here.

Mr R wants around £3,300 as he says that's how much AXA's delays have cost him. AXA have offered £430 already. Our Investigator recommended an additional £270 compensation be paid. I note AXA's comments about the delays being 'only' two months – but that overlooks the impact of those two months on Mr R.

I agree that, strictly in line with the policy terms, as the repair wasn't carried out by an approved repairer - AXA didn't need to provide a hire car whilst the repair was ongoing. However, I also note that AXA accept they didn't make this clear to Mr R when he notified them of his claim. Of importance here is the following extract from the final response letter dated 7 March 2023:

"your policy doesn't entitle you to the use of a hire car in the event you chose to use a non-authorized repairer. I am sorry that this was not made aware to you when you first logged your claim. As we are unable to cover the charges, as stated in your policy, but failed to make you aware of this stipulation.."

This is relevant as Mr R made his decision about whether to use an approved or non-approved repairer without being made fully aware of key information. Our Investigator previously referred to the information being in the policy terms, but the crucial interaction and opportunity here was when Mr R let AXA know he was making a claim. I've also noted that AXA have told our Service:

*"Customer advised he wanted to use a non-approved repairer (NAR) but was not informed if he used a NAR he would not be entitled to a CC [courtesy car], **nor was he told he couldn't get a CC as should of been told.** [Bold added for emphasis by Ombudsman] Customer has now incurred costs." And; "We have partially upheld the CC charges, as no way of knowing if customer still would have chosen this course of action had we given correct information."*

The policy terms state: 'If your car can be repaired by one of our approved repairers, they will supply you with a courtesy car while your car is off the road. All repairs carried out by our approved repairers are guaranteed throughout the time that you own your car.'

I disagree with AXA that it's unknown what the customer would've likely done had they been given the full information when registering the claim. The two likely options were:

- 1- use a non-approved repairer, no courtesy car to be provided and no guarantee (through the insurer) of the quality of the repairs or;
- 2- use an approved repairer that AXA arranged, receive a courtesy car when the car is off the road and have the repairs guaranteed throughout the time that Mr R owned the car.

It seems reasonable to assume that option 2 would be the more attractive option. I accept that often a non-approved repairer chosen by the policy holder can complete repairs more

quickly than waiting for an approved repairer. In an email from Mr R to AXA on 3 January 2023:

"I am paying for hire cars in the meantime. I had been planning to pay for this cost myself but am now expecting you to pay given how long I have been waiting for a reply and how terrible your communication is. Please let me know within 3-5 days if you do not agree to this or I will move forward on the basis you will be compensating this cost."

In their internal records, AXA have referred to making a payment of £105 for '1/2 CCU limit towards CC charges'. But if this was an attempt to put things right for not giving the important information, I consider this unfair and not in the spirit of the policy terms (where an approved repairer had been used and a courtesy car was applicable). The terms state Mr R was entitled to a courtesy car (if using an approved repairer) whilst his car was off the road or until his car was classified as a total loss. By not making Mr R aware of this important information when he registered his claim, he was unable to make an informed decision on whether to go ahead with the non-approved repairer or an AXA approved repairer.

I've kept this in mind when reaching my outcome on this complaint.

AXA's actions in causing avoidable delays of up to two months meant Mr R suffered a direct consequential loss. For clarity – he needed to privately hire a car for much longer than he would have otherwise needed to because of the avoidable delays caused by AXA. I've also kept in mind that the delay in logging this claim from Mr R has contributed to the overall time taken from the incident to his car being repaired.

It's important that I'm clear here that the terms of the policy state that a hire car is only relevant where an approved repairer is used and only whilst the car is actually being repaired. What I'm addressing here is the loss suffered by Mr R because of AXA's actions. This is *not* an approved/non-approved repairer issue.

I find that the fairest way to resolve this complaint is AXA reimburse Mr R his hire costs incurred from 22 December 2022 until the repair costs were approved on 6 February 2023. This is because:

- There will have always been an initial admin delay when a claim is logged and AXA were entitled to a reasonable window to respond. I've considered around one week from notification here to be reasonable, but also accept that businesses tend to slow down or close over Christmas.
- When Mr R chased in early January, this was another opportunity for AXA to react and treat Mr R fairly – but they didn't. The further delay until 6 February meant Mr R was avoidably paying for a hire car during this period as nothing could move forward until AXA approved the costs.
- Any delay after the cost being approved (appears) to have been down to delays waiting on parts. A record from Mr R states on 17 February mechanical works were completed but the garage was waiting on a bumper to be delivered. I don't hold AXA responsible for this and it wouldn't be appropriate to tell AXA to cover further hire car charges as a result of NAR/supply chain delays.
- I find the fairest way to resolve this complaint is for AXA to reimburse Mr R for his hire car costs from the date of 22 December 2022 until 6 February 2023 - subject to reasonable proof. Mr R provided our Service with a breakdown of his costs during the time period in question. These include:

22 Dec – 28 Dec 22	Replacement vehicle car rental	£272
28 Dec 22	Taxi between car hire locations	£26.98
28 Dec 22 – 6 Jan 23	Replacement vehicle car rental	£400.50
6 Jan 23	Taxi from car hire location	£33.22
16 - 23 Jan 23	Replacement vehicle car rental	£248.40
23 - 28 Jan 23	Replacement vehicle car rental	£112
	Total:	£1,093.10

- Mr R also told us that he incurred hire car costs of £1079.94 for the period 28 January to 7 March. As I intend to find AXA need to cover his losses/costs up until 6 February, pro-rata this is £27.69 per day x 11 days = £304.59. Therefore, a total of £1,397.69 (£1,093.10 + £304.59). I've excluded the amounts of £5 (airport drop off) and £33.22 (car park exit fee) from the costs I intend to award.
- 8% simple interest is also to be added to this settlement figure from the date Mr R paid the hire car costs (subject to reasonable proof) for the period referenced (22 December until 7 March), until the date claim settlement is made.
- AXA can fairly deduct the amount offered for hire costs (£105) from any settlement. But it appears this was at a 50% rate that they calculated this figure.
- These delays have caused Mr R avoidable trouble and upset. AXA initially offered £300. Alongside the steps outlined above, I find this to be a fair, reasonable and proportionate way to resolve this dispute and don't intend to ask AXA to increase this offer.

I'd remind AXA of their obligations under DISP 8.1:

"An insurer must:

(1) handle claims promptly and fairly;

(2) provide reasonable guidance to help a policy holder make a claim and appropriate information on its progress;"

It's clear from this complaint that AXA did neither and it was Mr R who was being the pro-active party in chasing the claim on multiple occasions throughout January and February and it wasn't really until 2 February that AXA got a handle on this claim and identified the wrong email address was being used to contact the NAR.

Other points raised by Mr R

As outlined above, complaint handling in isolation generally isn't an activity that our Service can consider. However, some elements of the claim made ran alongside the complaint made by Mr R and I'm satisfied the offer of £300 fairly addresses the trouble and upset caused by how the claim was handled.

Mr R wants AXA to extend the end date of his policy by the period of time he'd been paying for insurance, but was unable to drive the car due to the outstanding claim. Whilst I can understand Mr R's frustration, the contract of insurance responded to the claim here and the car was repaired. It's generally industry practice that outstanding premiums remain payable

unless the car was declared a total loss and the claim settled – at which point the contract would (generally) end. I don't find that AXA did anything wrong in this regard here.

Finally, Mr R wants AXA to make a donation to a mental health charity. This won't be something I'm going to direct them to do as I'm only considering the impact on him as a result of AXA's actions. Mr R retains the option to make a donation himself if he so wishes.

Summary

- Things didn't happen as they should have when this claim was made.
- AXA didn't give Mr R all of the information they should have and then caused avoidable delays.
- Mr R has suffered a direct, consequential loss.
- AXA need to take remedial action to put things right. I direct AXA to pay Mr R £1,397.69 (minus £105 already paid) and add 8% simple interest (as explained above).

Putting things right

I direct AXA Insurance UK Plc to pay Mr R £1,397.69 (minus £105 already paid) and add 8% simple interest from the date Mr R paid the hire car costs (subject to reasonable proof) for the period referenced (22 December until 7 March), until the date claim settlement is made.

AXA can fairly deduct the amount offered for hire costs (£105) from any settlement.

My final decision

My final decision is that I uphold this complaint and direct AXA Insurance UK Plc to follow my direction as set out under the heading '*Putting things right.*'

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 18 September 2023.

Daniel O'Shea
Ombudsman