

The complaint

Mr and Mrs K complain about how AA Underwriting Insurance Company Limited (“AAUIC”) dealt with a claim they made on a car insurance policy.

While Mr K is the policyholder and I will refer to him for ease, Mrs K is a named driver and has been supporting him in this complaint.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them again here. Instead, I’ll focus on providing my reasons for my 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 agree with the conclusion reached by the investigator for the following reasons:

- AAUIC told Mr K that it would look to recover the car hire costs he’d incurred directly from the third party. It failed to do this.
- As the third party admitted liability and settled AAUIC’s costs in full, I think it is more likely than not, had the hire car costs also been presented, these would have been accepted.
- AAUIC was aware Mr K was vulnerable and that its error has caused this position.
- In the particular circumstances of this case. I don’t think it is appropriate for AAUIC to suggest he now pursue a separate uninsured loss claim when this will cause him additional stress and inconvenience. And potentially AAUIC’s actions may have prejudiced the possibility of recovering the funds in full at a later stage.
- AAUIC’s error has caused Mr and Mrs K distress and for that they should receive compensation.

For the reasons above, I uphold this complaint.

Putting things right

- AAUIC should pay the full hire car amount to Mr K. This should not impact how the claim is recorded against him. It would be open to AAUIC to pursue this loss from the third party separately as it originally said it would do.
- AAUIC should pay Mr and Mrs K £100 compensation to reflect the trouble and upset its error caused.

My final decision

My final decision is that I uphold Mr and Mrs K's complaint against AA Underwriting Insurance Company Limited. I direct it to put things right as I have set out above.

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

Alison Gore
Ombudsman