

The complaint

Mr J complains about how AXA Insurance UK plc (“AXA”) handled a claim under his car insurance policy.

What happened

Mr J had a motor insurance policy with AXA covering his car. He was involved in a non-fault collision in August 2022 and he made a claim from AXA.

AXA recovered his car to be assessed. The company who assessed the car, who I’ll refer to as “C”, reported that the visible damage would cost £2,370.29 to fix.

AXA assessed the car as being beyond economical repair and wrote it off.

Mr J asked for details of why his car was deemed a write-off. He was sent a document stating that the hourly labour rate for repairs was £396. He wasn’t happy about his car being written off, and the value AXA had offered for it, and he complained.

AXA increased its offer for the car from £1,920 to £2,756.93 and clarified that the labour rate wasn’t correct – there had been an error in formatting and it actually was the total labour charge.

Mr J retained the car. It was recorded as a category N write-off.

Mr J reported that the car had been damaged whilst in C’s care. He made a further complaint about that.

AXA considered both of his complaints. It said there was no evidence that C had caused the damage to the car, but it agreed to pay £10 for a broken mirror it accepted was broken by it. It paid £75 for Mr J’s inconvenience, and then a further £100. This included a total of £50 for delays handling his complaint.

Mr J remained unhappy and brought his complaint to this service. He asks that his car is removed from the write-off register. He wants AXA’s procedures changing. He wants a written apology from AXA and C and compensation for his time.

Our investigator looked into his complaint and uphold it in part. She thought AXA should increase its valuation of the car by a further £254.32, but she also thought it had handled the claim in line with its terms and conditions.

AXA agreed with the view, but Mr J didn’t. He said he thought the car should cost less than £1,000 to repair, and that his car’s pre-accident value was about £5,000. He maintains that AXA shouldn’t have written it off. Because he didn’t agree, this complaint has been passed to me to make 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.

I can see from the file that there's been considerable post-view correspondence with Mr J. I'd like to assure him that I have read all of the file, but I won't be referring to all of it in this decision. Instead I want to focus on the main points of his complaint which is in line with the informal nature of this service's approach.

At the centre of Mr J's complaint is that he wants AXA to change its procedures and that he feels fraud has been carried out. We're not the regulator. We can't ask or require a business to change its practices and procedures or investigate allegations of fraud as responsibility for this falls under the Financial Conduct Authority.

What I am able to do is examine what happened in Mr J's claim and decide whether AXA acted fairly and reasonably towards Mr J. And in this case, I think AXA's actions were mostly fair. This means I will be upholding Mr J's complaint in part, and the part I'm upholding relates to the revised valuation of his car.

When AXA recovered Mr J's car it was taken to C's premises where it was assessed. Under the terms of Mr J's policy with AXA, it is allowed to handle the claim as it wishes:

"We will pay for loss of or damage to

1. Your car.

We may choose to replace them, to repair them or pay an amount equal to the loss or damage."

This type of clause allowing insurers to choose the method of settling the claim is common in the insurance industry and I think its use is fair here.

It's Mr J's complaint that his car was worth about £5,000 before the collision happened. This service has an established approach to vehicle valuations using trade guides. I've looked at these and I can see that they give values as follows:

Company A £2,730

Company B £3,118

Company C £3,476

Company D £2,721.

The average of the four trade guides values is £3,011.25, which is £254.32 over the amount AXA agreed to pay Mr J. So I think it's fair that AXA increases its payment for the car by £254.32 and I can see it has agreed to this.

C sent AXA an estimate for repair of the car at about £2,370.29, against Mr J's estimate of less than £1,000. AXA's estimate was about 78% of the value of the car and that's why it decided his car was a write-off.

It's not unusual for insurers to decide a vehicle's uneconomical to repair once the repair costs reach around 60-70% of its pre-accident market value.

It's important that I say both AXA's and Mr J's estimates were just that – estimates. This means that further damage might have been found underlying the surface damage which would mean AXA's costs rise even further. AXA, and C, will base these estimates on many

thousands of similar claims it has seen over many years and I think it's fair that it can rely on them.

I know Mr J feels very strongly about this and questions why C, which also trades in car parts and as a 'breaker' of cars, is allowed to assess cars when it may have an interest in writing them off. Again, I'd point out that we're not the regulator. AXA's actions are in line with many other insurers and I don't think it's acted unfairly towards Mr J.

C uses a system which is common across the marketplace and given the competitive nature of the car insurance marketplace, it's likely that AXA would have chosen the most efficient approach to handling Mr J's damage.

Mr J has demonstrated that he was able to find a lower cost alternative to repair his car, but AXA don't necessarily have the time or resources to carry out this exercise on all the claims it's involved with as it has a responsibility to keep its costs low.

I've also thought about Mr J's request that the write-off marker is removed from his car. Put simply, I'm not able to ask AXA to do this. AXA wrote off Mr J's car under the terms of its policy wording and I think it's reasonably entitled to do this. AXA used category N, which means the car had non-structural damage and could be repaired.

I can understand why Mr J feels very strongly. He feels it would cost less than £1,000 to repair his car against a pre-accident market value he thinks was more than £5,000. But as I've explained above, this service's approach shows that his car was closer to £3,000 in value and the repairs proposed by AXA were about £2,370.

Taking everything into account, I think AXA has reasonably followed its terms and conditions in how it chose to handle Mr J's claim. So I think its actions have been fair.

My final decision

It's my final decision that I uphold this complaint in part. I direct AXA Insurance UK plc to pay an additional £254.32 to Mr J in respect of the increased valuation of his car. If this amount has already been paid then it can be deducted.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 13 October 2023.

Richard Sowden
Ombudsman