

## **The complaint**

A company which I'll refer to as O, complains that AXA Insurance UK Plc (AXA) caused unreasonable delays when repairing its vehicle, which resulted in a consequential loss to its business.

## **What happened**

O took out a Goods Carrying Vehicle Insurance policy with AXA. On 31 August 2023, O made a claim on its policy for damage to its vehicle following an attempted theft incident.

AXA agreed to the repairs but informed O that it didn't have an approved repairer available to carry out the repairs until the end of October 2023. O raised concerns with the timeframe because it needed the vehicle to carry out work. AXA offered a courtesy vehicle in line with O's policy, but O said it wasn't suitable. Due to the nature of O's business, it needed a vehicle which had a towbar fitted, to allow it to pull heavy materials. As the courtesy vehicle didn't have this feature, O rejected the replacement vehicle.

AXA said that the courtesy vehicle offered was in line with O's policy. Because O didn't have enhanced courtesy vehicle cover, it couldn't offer a like-for-like. In relation to the timeframe for repairs, AXA couldn't find an approved repairer to complete the work before the end of October. However, they did give O the option to take the vehicle to a non-approved repairer if the repairs could be done sooner. O later confirmed through its broker that it wanted to go ahead with AXA's approved repairer. Repairs to the vehicle were completed on 25 October 2023.

O complained that due to the time it took for the repairs to be completed, it lost its work contract and suffered financial difficulties as a result.

Our Investigator upheld the complaint. He thought that the repairs should have reasonably been completed within two weeks and therefore there was a six-week delay. He said that because AXA was aware of these delays from the outset, it should have done more to get O a suitable replacement vehicle so it could continue working. But he also thought that O should've done more. He therefore recommended that AXA pay 50% of O's losses over the six-week delay, and he calculated this to be £1984.84. His calculation was based on the average of O's income in the six-week period prior to the loss, minus any saved expenses. He also said AXA should pay O £250 for the inconvenience caused.

Neither AXA nor O accepted his findings and therefore the case has been passed to me to review.

## **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.

Both parties have provided detailed submissions to support their position. I want to assure them I've read and carefully considered everything they've said, but I won't comment on

everything.

The issue for me to decide is whether there were avoidable or unreasonable delays in repairing O's vehicle and if AXA should have done more to assist O during this period.

AXA accepts that there were some delays at the start of the claim, but it says that the delays with the repairs were due to parts being on back order which was out of its control.

The notes on AXA's claim file suggest that AXA was aware on 31 August 2023 that there were no approved repairers available to carry out the repairs until late October. It is also evident that O made AXA aware its business relied on the vehicle to carry out work. So, although AXA has said that the repairs were delayed due to parts being on back order, I'm satisfied that it was aware from the outset that repairs couldn't be carried out until late-October in any event, because it didn't have an approved repairer available until that date.

AXA took almost eight weeks to carry out the repairs on O's vehicle. Under normal circumstances, if the parts and a repairer were available, I'd expect the repairs could have reasonably been completed within a two-week timeframe. I'm therefore satisfied that there were delays experienced and AXA knew about these from the outset, as well as O's needs, so it should have done more to assist O.

In relation to a courtesy vehicle, O's policy states the following:

**Getting your vehicle repaired by using one of our approved repairers..**

2. We will provide you with an insured courtesy van for the duration of the repair. We may not always be able to provide an exact like-for-like replacement to your vehicle; however we guarantee to at least provide you with a small van that will allow you to stay mobile in the event of a repair. If a choice of courtesy vans is available, you may be offered the opportunity to upgrade for a small additional fee.

AXA said it offered O a small van in line with its policy, but O said it wasn't suitable. The policy also states that there's an opportunity to upgrade the courtesy vehicle if another option is available and pay a small additional fee, but I can't see that this option was given to O – I assume this is because there wasn't another vehicle available with the provider AXA was using. I say this because I note that AXA made enquiries with the courtesy vehicle provider to see if there was a vehicle available with a tow bar. While, I appreciate AXA explored some alternative options, I don't think it did enough to find a suitable vehicle for O based on what it knew about O's needs and the length of delay.

I have also thought about whether O did enough to mitigate its losses while awaiting repairs. AXA informed O on the day it reported the claim that repairs couldn't be completed until late-October, and it was also aware on the same day that the replacement vehicle AXA offered wasn't suitable for its needs. Based on this information, I would've expected O to have done more to mitigate its losses. For example, by hiring a suitable replacement vehicle or finding a non-approved repairer to carry out the repairs sooner.

O said it contacted a company to hire a vehicle but due to the length of time it had been trading it didn't qualify for the type of vehicle it required. O wasn't able to provide any evidence to demonstrate that it took reasonable steps to find a suitable replacement vehicle or a non-approved repairer to repair the vehicle sooner. I'm therefore not satisfied that O did enough to mitigate its losses.

Having considered everything very carefully, I agree with our Investigator that the repairs

should have reasonably been completed within two weeks and therefore there was a six-week delay. AXA should have done more to assist O during this time by getting O a suitable replacement vehicle, but O also should have done more to mitigate its losses. I therefore agree with our Investigator that AXA should be liable for 50% of O's losses during the six-week delay.

O wasn't able to quantify its losses for the period in question, but it provided evidence from its accountant of its income prior to the vehicle going in for repairs. Based on the information available, the Investigator calculated what O's income would have been during the six-week period and deducted any expenses saved. I have seen the Investigator's calculations which look fair and reasonable.

O asked the Investigator to consider a further on-going period of consequential losses of over three months, until it found a new contract for work. I'm not satisfied that AXA should pay an additional amount for this period because as I've said above, O also should have also taken steps to mitigate its losses and I haven't seen evidence that it did enough in this respect.

### **My final decision**

For the reasons explained above, my final decision is that I uphold this complaint. I require AXA Insurance UK Plc to:

- Pay O £1984.84 towards its consequential losses, with interest at 8% simple calculated from 15 September 2023 to the date of settlement.
- Pay O £250 for the inconvenience caused as a result of the delays with repair.

Under the rules of the Financial Ombudsman Service, I'm required to ask O to accept or reject my decision before 19 March 2024.

Ankita Patel  
**Ombudsman**