

The complaint

Miss W has complained about the service she received from AA Underwriting Insurance Company Limited following a claim under her motor policy as a result of an accident.

What happened

Miss W was involved in an accident in November 2022. She didn't cause the accident, the other driver did. Miss W's car needed to be repaired plus she claimed for personal injury. Miss W said there were issues with the repair of her car. Plus, she had issues with the solicitors AA Underwriting allegedly appointed for her.

However, her major issue was that AA Underwriting told her in April 2023 her claim was closed but when her policy renewal invite came in June 2023, it showed that her premium had increased substantially. When she queried this, she was told her claim had been reopened as the other driver's insurers were disputing some of the costs of her claim. So that meant her claim was still open and showing on the Claims and Underwriting Exchange (CUE) as a 'fault claim,' which in turn caused her premium to be increased.

Miss W complained first to AA Underwriting about the repairs to her car which it addressed in its final response letter of 24 April 2023 upholding it. It agreed its approved repairers could have done better given it didn't properly repair her car and it had to go back several times. It paid her £200 compensation for this.

Miss W then complained about her renewal premium which AA Underwriting dealt with in its final response letter dated 27 July 2023 where again it upheld it for its failure to explain things properly to her and paid her £300 compensation.

Miss W felt very aggrieved by the overall poor service she received at every point throughout her claim, so she bought her complaint to us. The investigator ultimately was of the view that AA Underwriting had done enough by the total compensation payment of £500.

Miss W didn't agree so her complaint has been passed to me to decide.

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'm not upholding this complaint. I'll now explain why.

First, I do appreciate and understand that Miss W has been through quite a long ordeal with this claim arising out of an accident which clearly wasn't her fault. And I also appreciate she will be very disappointed with my decision.

Secondly, I can't consider anything to do with the solicitors AA Underwriting said it introduced Miss W to help deal with her personal injury claim. AA Underwriting has provided the call recording its agents had with Miss W in November 2022 which clearly shows it didn't appoint these solicitors for her, it merely introduced them. Solicitors aren't regulated by the Financial Conduct Authority (FCA), instead they are regulated by the Solicitors Regulation Authority, and they have their own Legal Ombudsman Service. Consequently, this service can't consider anything the solicitors might have done wrong, that needs to be considered by the Legal Ombudsman Service instead. This service and therefore I can only consider what the insurance company did wrong as insurers are regulated by the FCA. I also understand Miss W has now directed that part of her complaint to the Legal Ombudsman Service.

Turning to the main point of Miss W's complaint, which is the extensive rise of the premium price in June 2023 due to the fact this claim was re-opened, despite AA Underwriting's letter to Miss W in April 2023 saying it was closed.

Insurers class claims as 'fault claims' on such databases as CUE when those insurers have not received full reimbursement of any claim the policyholder has made. This is standard industry practice and in turn feeds into each insurer's individual assessment of the risk when generating a premium quote. So, this means if the policyholder claimed for the repair of their car due to an accident where there was no other driver involved, that claim would be classed as a 'fault claim' on CUE. Similarly, as what happened with Miss W's claim, if the other driver's insurers query some of the costs of her claim, those disputed costs cause the claim to remain a 'fault claim' until there is a resolution of those disputed costs.

In Miss W's case, AA Underwriting told us that her claim was proceeding nicely with the other driver's insurer admitting liability. It received reimbursement for the costs of the repairs to Miss W's car in April 2023. This obviously generated the incorrect letter to Miss W saying her claim was closed.

Given Miss W had the benefit of a hire car whilst her car was being repaired, the costs of that hire car were sent to the other driver's insurer in April also. Those hire car costs weren't paid by the other driver's insurers at the time of Miss W's policy renewal in June. The other driver's insurers queried those costs and that dispute rumbled on for some time.

So as the hire costs were still waiting to be refunded to AA Underwriting at the time Miss W's policy was due to renew in June, CUE was showing a 'fault claim' on Miss W's record which in turn increased her premium so substantially. Once the costs are fully paid the record on CUE is changed to reflect this which in turn can generate a refund of the extra premium paid. So, AA Underwriting did nothing wrong in its CUE entries for Miss W at the relevant points along the progress of her claim. Also, the other driver's insurers are permitted to query any costs and so it's not within AA Underwriting's power to do anything about that other than seek to ensure the other driver's insurers do end up reimbursing the whole of the claim costs. There's little AA Underwriting can do to make that happen faster or before its policyholder's renewal premium is due. So that sort of delay is out of AA Underwriting hands too, to a large extent.

However, Miss W was completely unaware of all this and obviously would know nothing about how these things are dealt with unless AA Underwriting explained it to her, which it clearly didn't and which it further confused by sending her the letter in April wrongly telling her that her claim was closed. AA Underwriting has acknowledged this and provided Miss W with £300 compensation for this. I consider this level of compensation is appropriate, fair, and more importantly in line with our established approach on such mistakes more widely discussed on our website.

I can't fine or punish AA Underwriting for making this mistake as I have no authority to do that. I can merely recommend compensation to Miss W for the distress and inconvenience it caused her bearing in mind the substantial premium increase along with the issues that caused her in starting her new job which required her to have motor insurance. Miss W also remains able now to seek a refund for the increased premium she paid to whichever insurer given she has now received cogent confirmation that her claim is now closed as 'non fault' with her No Claims Discount (NCD) being reinstated if required.

Turning to the issues with the proper repair of Miss W's car and the failure of AA Underwriting's approved repairers to do this properly. AA Underwriting again has acknowledged its failings here too and paid Miss W £200 compensation for the distress and trouble and upset this caused her to include having to go to another garage some distance away. I consider the level of that compensation to be fair too and again in line with our established approach on such matters. And yet again I've no authority to fine or punish AA Underwriting for these mistakes either.

I can understand Miss W's frustration that her claim dragged out for over a year. However much of that delay was down to the other driver's insurers delaying in both querying and settling the costs it needed to. There is little AA Underwriting could have done to hurry that along, beyond what it did do. So, although Miss W feels the delay was AA Underwriting's fault, it actually wasn't, that delay was down to the other driver's insurers. AA Underwriting did make some mistakes, but it acknowledged them and paid appropriate compensation for those mistakes. Therefore, I consider there's nothing more AA Underwriting should do consequently.

My final decision

So, for these reasons, it's my final decision that I don't uphold this complaint.

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

Rona Doyle
Ombudsman