

## **The complaint**

Mr A has complained about his motor insurer AXA Insurance UK Plc because it accepted and settled a claim against him from another driver without questioning it or telling him. With the claim also having affected his premium at renewal.

## **What happened**

Mr A, reversing out of a parking space, was worried that another car, holding only a passenger, was parked illegally across from the bay. He felt his car gently touch the other's rear whilst reversing. He spoke to the passenger, agreed there was no damage and left.

When the other driver returned to their car, they spotted damage on its front wing. The other driver called the police and told their insurer they'd been hit by a driver, causing damage to the front wing, who did not stop or exchange details. But the passenger had taken a photo of the car, including its registration plate. AXA was contacted and it got in touch with Mr A.

Mr A told AXA he had not caused any damage to the car. AXA agreed it would challenge the other insurer. AXA did so. The other insurer said Mr A had left the scene, so it felt AXA's challenge was groundless. AXA decided it could not continue to challenge the other insurer so decided to accept and settle the claim, reimbursing the other insurer £417.25 for repair costs, £1,710.67 for hire costs and the other driver's £1,000 policy excess.

AXA's final payments were made in around March 2023. The total reimbursed was £3,135.92. Around the same time Mr A changed his car, amending his policy accordingly and also adding a second named driver. The policy documents did not reflect the claim and, as far as Mr A was concerned, AXA had successfully challenged the claim. In May 2023, with all claim payments more than a month old and Mr A's policy renewing, the claim was taken into account. Mr A's premium increased nearly five-fold from the year before.

Mr A called AXA and was told about it settling the claim. He thought it had acted unfairly – that it should have considered where the damage was, whether his car could even have caused that damage. He felt the hire charges were unfair. He expected the total cost of the claim as well as the claim itself had unfairly impacted his premium. He was unhappy that AXA had not told him it was accepting and settling the claim. AXA said it had had no choice but to settle the claim. It noted that Mr A had also raised concerns about difficulty getting in touch with it. It paid him £50 compensation for that.

When Mr A complained to the Financial Ombudsman Service, our Investigator asked AXA for detail about how it priced Mr A's renewal. She was ultimately satisfied it had done that fairly. And she felt AXA had made a reasonable decision, in the circumstances, regarding the other driver's claim.

Mr A was unhappy. He felt he'd been called a liar. He maintained that AXA had acted incompetently. His complaint was referred to me for an Ombudsman's consideration.

I felt AXA had failed Mr A in part as it hadn't kept him up to date. So I felt it should pay £150 compensation. But I wasn't persuaded, regarding the claim decision, that AXA had failed Mr A, and I felt it had priced the premium fairly. I issued a provisional decision inviting both parties to respond to my findings.

In reply, AXA said it accepted my findings. Mr A said he felt I'd failed to address his concern that AXA had been incompetent when assessing the claim – not considering the likelihood of his car causing damage, or his statement about what the car's passenger had said and felt. He said if AXA had notified him of its intention to settle matters, he'd have been able to contest the fraudulent claim made against him. Mr A said he was the victim of a scam, seeking justice, and adjusting the claim record to non-fault would have assisted with the financial impact he was suffering.

### **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 said provisionally:

#### *"Liability decision*

*AXA assured Mr A it was going to challenge the claim. To its credit it did so. By sending one email. Then, when the other insurer provided a fairly stern response, AXA seems to have decided it couldn't maintain that challenge. I do understand that – and can assure Mr A that it's not that no-one believes him. Rather it's about risks and the likelihood of what can be proven. Here there are two people with differing views of what occurred but both reflecting that Mr A left the scene without speaking to the driver of the other vehicle or leaving his contact details. I think that made the situation for AXA, in terms of mounting a likely successful challenge, very difficult.*

*I know Mr A expected AXA to compare the vehicles and accept his version that he had only touched the rear of the car, with damage claimed for being on the front wing. But the photos AXA saw, provided to it by the other insurer, do, I think, suggest that the other driver's version of events was plausible. And AXA had to make a decision about its prospects for success, keeping in mind its need, which benefits Mr A too, to limit its outlay. I'll have our Investigator share those two photos with Mr A in case he hasn't seen them. But I'm satisfied that, in the circumstances here, AXA's decision to accept liability was fair and reasonable."*

I know, and was aware when I reached my provisional decision, that Mr A felt AXA had completed an incompetent assessment. That concern is reflected in my background section and as can be seen in the provisional findings I've quoted above, I took that into account. But I was still satisfied, and still am satisfied, that AXA made a fair and reasonable decision based on the evidence it had and the risks it had to balance.

My provisional findings continued as follows:

### "Settling the claim"

*Just because an insurer accepts a claim doesn't mean it must then accept all costs put to it without question. AXA's file shows that is what it did here. The repair cost was not unreasonable and the excess couldn't really be challenged. So I've no issue with AXA having just paid them.*

*However, I think it should've challenged the hire cost. Overall I don't think the sums in question here for hire will have affected Mr A. But when AXA was presented with the hire costs, they were incurred for a period of 32 days, between 6 September and 8 October. And at that time it had already received the invoice for the repairs, dated 22 September. An invoice is usually issued on completion of works. So I can see no good reason why a hire car would then be needed for a further two weeks. I think AXA should have at least questioned this with the other insurer. But there's no guarantees that enquiry would have resulted in any change in the costs sought. And, even if it had, it would only have meant a change in the claim outlay of at most around £800. So, as I said, whilst I think AXA should have done more here, I'm satisfied its failure to do so, did not negatively affect Mr A.*

### Not updating Mr A

*I think AXA failed Mr A here. That it caused him upset and a degree of inconvenience.*

*AXA's file shows that when it decided it couldn't maintain its challenge of the other insurer's claim, it just sat back and waited for costs to be presented to it. It didn't tell Mr A of its decision. And as can be the case in this type of situation, costs weren't immediately put to AXA, when they were, they came in and were settled by AXA via a number of contacts over several months. And because AXA had not had the good grace to update its customer of its activity which would ultimately impact him, Mr A was none the wiser of what was going on. So much so that when it came to renewal he was shocked to see the claim and the premium. If Mr A had chosen to shop around at renewal, AXA's failure to update him might have had a significant impact on him – if he'd told a prospective insurer, for instance, that he'd had an incident but not a claim. It was absolutely AXA's decision to make about how to handle the claim made – but it still had to treat Mr A, as its customer, fairly and reasonably. Which to me means sharing with him important claim and cover information.*

*Thankfully Mr A did not suffer the type of significant impact described above. But he was still shocked to see the claim on his renewal, and disappointed to learn that AXA had acted without telling him. Considering what he's said, he felt let down by AXA; that it hadn't done what it had told him it would do and that it hadn't taken his side of things into account. As I've explained above, I think it did take Mr A's side of things into account. But Mr A had no way of knowing that. A simple conversation at the point at the end of July 2022, when AXA decided it had to accept and settle the other driver's claim, would have avoided all of that. Mr A would still likely have been upset by the decision reached and disagreed with it – but he'd have known AXA had not dismissed him or failed to do what it had promised (challenge the claim). I'm satisfied he wouldn't have felt let down by his insurer.*

*Finding out only at renewal also meant that Mr A then had to make calls to AXA to query everything. Again, if AXA had acted reasonably in July 2022 to call Mr A and have that conversation with him, that inconvenience in May 2023 would have been avoided.*

*Overall I'm satisfied that AXA didn't treat Mr A fairly or reasonably when it chose not to tell him of the decision it made to accept and settle the other driver's claim. I'm also satisfied he was caused distress and inconvenience as a result. I think it should pay him £150 compensation, that is separate to the £50 AXA paid previously."*

I'm still of the view that AXA should've updated Mr A. However, I'm not persuaded that, had it done so, the situation would have materially changed in the way Mr A expects. Mr A would have been able to challenge its decision – but given everything I've seen I'm not persuaded that him doing so would have changed AXA's mind about settling the claim. Its file shows it did so on a without prejudice basis – so if Mr A should wish to challenge the third-party on liability, he could still attempt to do so through the courts.

My provisional findings concluded as follows:

#### **“Premium**

*I accept that the significantly increased premium was a shock for Mr A. But I think that in itself couldn't have been avoided. The claim decision, as I've said, in my view was correct and that was always going to impact the renewal premium. By how much couldn't have been known until renewal occurred – and it is the size of the increase here that is understandably a concern for Mr A. Even if AXA had had the conversation I think it should have had with him, which should have included a warning that his premium would likely be affected, that couldn't have prepared him for the magnitude of the increase which did occur.*

*I've seen AXA's rating details. I've also seen the amendments Mr A made to the cover in March 2023, which remained the same at renewal. Of course, in March 2023 those changes and the cover for the remainder of the year weren't made in light of the claim. I can see that when those changes and the claim itself, not the quantum of it, were taken into consideration together at renewal, that caused the significant change to Mr A's premium. But I am satisfied that AXA undertook that pricing fairly, in that it applied the same criteria to Mr A as it would any other driver with similar risk details. I don't think it failed him in this respect.”*

I understand that Mr A is feeling the effects of the claim logged as fault against him, that he feels he has been the victim of a fraudulent claim. However, as I've said, I found that AXA's claim decision was fair and reasonable, with such always likely to affect the policy premium. The premium might still be affected by any claim, whether found to be Mr A's fault or not. But I can't reasonably direct AXA to adjust the claim record at all when I'm satisfied its decision on the claim was fairly and reasonably made.

Having reviewed the complaint and Mr A's response to my provisional decision, I'm not minded to change my view. As such, my provisional findings, along with my additional findings set out here, are now those of this my final decision.

#### **Putting things right**

I require AXA to pay Mr A £150 compensation.

#### **My final decision**

I uphold this complaint in part. I require AXA Insurance UK Plc to provides the redress set out above at “Putting this right”.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 April 2024.

Fiona Robinson  
**Ombudsman**