

The complaint

Mrs O has complained about the way AA Underwriting Insurance Company Limited (AAUW) handled her claim under her After The Event (ATE) insurance policy.

What happened

Mrs O's car was damaged in an accident when another vehicle hit the rear passenger side.

She contacted her insurance broker. They referred her to AAUW as a claim under an after the event insurance policy. AAUW inspected Mrs O's car on 5 May 2023 and then later arranged for one of its approved repairers to collect it. It also supplied Mrs O with a hire car through a provider who I'll refer to as E. AAUW then decided Mrs O's car was a write-off and contacted her on 14 June 2023 to tell her this and let her know she needed to return the hire car. AAUW then referred the claim to Mrs O's insurer, who I'll refer to as G. G collected her car from AAUW's repairer and put it in storage; although it seems it had problems finding out from AAUW where it was before it could do this. Mrs O then had problems getting her personal belongings from her car and getting her claim settled.

Mrs O complained to AAUW about the way it had handled her claim. AAUW issued a final response letter to her saying its handling was acceptable, apart from a delay in it reviewing the repair estimate and deciding to write-off her car.

Mrs O wasn't happy with AAUW's response and asked us to consider her complaint. One of our investigators did this. She acknowledged there was a delay in AAUW reviewing the estimate and writing off Mrs O's car. But she didn't think it needed to pay compensation for any distress and inconvenience Mrs O had experienced because of this. This was because AAUW had extended the period Mrs O had had a hire car.

Mrs O wasn't happy with the investigator's assessment and asked for an ombudsman's decision.

I issued a provisional decision on 4 April 2024 in which I set out what I'd provisionally decided and why as follows:

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've provisionally decided to uphold it and award Mrs O £200 in compensation for distress and inconvenience. I'll explain why.

I agree that it took AAUW far too long to assess the damage to Mrs O's car and write it off. It should have been a straightforward matter. It has said it obtained two estimates and the second one identified a previous poor repair, which impacted the cost of repairing the area of the car damaged in the accident Mrs O had claimed for. It's not clear why AAUW needed two estimates to identify this issue. It may have been because the car wasn't properly inspected the first time. But nearly a month and a half to work out a car is a write-off is far too long. And I can't see AAUW explained to Mrs O what was happening and why it was

taking so long to get her car repaired. It seems AAUW simply kept telling her it had extended her hire car and that it was waiting to hear on the repairs to it. But this was of no real help in helping Mrs O fully understand what was happening. I think all this was poor customer service and caused Mrs O distress and inconvenience.

I've listened to the call AAUW's agent made to Mrs O on 14 June 2023 to explain her car was a write-off and that she'd need to return her hire car. Mrs O was clearly confused about what was happening and by the reference to her claim being referred to G. Despite this, the agent didn't clearly explain to her the role of G and AAUW; instead simply telling her G was the underwriter. This is not a term many consumers would actually understand. I think due to the poor explanation by the agent Mrs O left the call unnecessarily confused and this caused her further distress and inconvenience.

In this call the agent told Mrs O that her car was driveable, despite it being a write-off and that it would be returned to her. Despite this, AAUW referred the claim to G and they came and collected the car and put it in storage. It seems this is because AAUW weren't clear with G that the car needed to go back to Mrs O in the first instance and stay with her until it had settled her claim to ensure she wasn't without a car once the hire car was returned. This would have caused Mrs O more distress and inconvenience.

There also seems to have been some issues with E collecting the hire car and not turning up to do this on the day they told Mrs O they would do so. And also Mrs O had problems trying to get in touch with E to find out what was happening. And it's clear to me that because the agent Mrs O spoke to on 14 June 2023 didn't make things clear to her, Mrs O wasn't really sure why E was trying to retrieve the hire car. This is also AAUW's responsibility. And this again would have caused Mrs O distress and inconvenience.

There are some other issues which Mrs O has raised, such as being contacted by E wanting their hire car back when she hadn't heard anything from AAUW. But the evidence provided by AAUW suggests it contacted Mrs O to tell her that the hire car would need to be returned on 14 June 2023. And that E first contacted Mrs O about collecting it after this on 15 June 2023. So Mrs O may have been confused about what was happening and why E wanted to collect the hire car, but it seems she had been told by the time E contacted her about this that the hire car would need to be returned. Mrs O has also said she had to buy a replacement car as she was left without a car when the hire car went back. But, she would have needed to do this anyway in the end, as her car was written-off. I also appreciate she had problems insuring this car. But this was nothing to do with AAUW.

In summary, I think poor service by AAUW on the issues set out above caused Mrs O distress and inconvenience. And I think this warrants a compensation award to her of £200.

My provisional decision

I've provisionally decided to uphold Mrs O's complaint about AA Underwriting Insurance Company Limited and award her £200 in compensation for distress and inconvenience.

I gave both parties until 18 April 2024 to provide further comments or evidence in response to my provisional decision. AAUW hasn't responded.

Mrs O has responded to say that she doesn't consider the amount I have awarded in compensation is high enough in light of the distress and inconvenience she experienced. She's explained that she doesn't think her car should have been written off for what was a minor dent. And she doesn't think she should have been 'fobbed off' by AAUW. She's also said her options weren't properly explained to her and her car was taken to a salvage facility

without her consent. She also said her policy was cancelled and she's had to pay extra for her insurance as it took so long to resolve the matter.

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.

Whilst I've noted what Mrs O has said and understand how frustrating the whole process was for her, in this decision I can only award compensation for things that AAUW did wrong.

The evidence provided by AAUW and G suggests the main reason Mrs O's car was written off was that it had been damaged in a previous accident and badly repaired. And – in light of this – I am satisfied AAUW's decision that it was a write-off was a reasonable one.

It seems it was G who moved Mrs O's car to a storage facility, not AAUW. So I can't hold AAUW responsible for it being moved without Mrs O's consent.

AAUW did not cancel Mrs O's policy. It was cancelled by G and her broker because her car was a write-off and G couldn't insure the replacement she got. And I do not consider AAUW to be responsible for the fact Mrs O has had to pay more for her insurance.

In summary, I do not doubt the whole matter was very frustrating for Mrs O, but I remain satisfied that the £200 in compensation I suggested in my provisional decision for the distress and inconvenience Mrs O experienced because of AAUW's failings is appropriate.

Putting things right

For the reasons set out above and in my provisional decision, I've decided to uphold Mrs O's complaint and make AAUW pay her £200 in compensation for distress and inconvenience.

AAUW must pay this compensation within 28 days of the date on which we tell it Mrs O accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

My final decision

I uphold Mrs O's complaint about AA Underwriting Insurance Company Limited and order it to do what I've set out above in the 'Putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 20 May 2024.

Robert Short
Ombudsman