

The complaint

Mr L complains about how AXA Insurance UK Plc (“AXA”) handed a claim under his car insurance policy. When I mention AXA I also mean its suppliers.

What happened

Mr L had a motor insurance policy with AXA covering his car.

He was involved in a collision. His car was substantially damaged. He contacted AXA and made a claim.

AXA initially told him it thought his car would be beyond economical repair. It arranged for the car to be collected.

Mr L started looking for a new car and told AXA about this. He put a deposit of £500 down, which he thought was non-refundable. Later that same day, he had a conversation with AXA which told him that his original car was going to be repaired. He didn't tell AXA's claims handler he'd put money down.

He proceeded to buy the new car. AXA repaired his original car.

Mr L then had to sell his original car, and he says he lost over £5,000 on it.

AXA said it would pay Mr L £25 compensation for delays responding to his complaint, but it said it'd told him it hadn't completed its assessment of his car, and Mr L proceeded to buy his new car without confirmation of his original car's status.

Mr L brought his complaint to this service. Our investigator looked into it and thought his complaint would be upheld in part. He thought AXA should pay Mr L an additional £100 for its service. AXA accepted this, and it also said it would be willing to refund Mr L £500 for the deposit he paid, if he could prove that the deposit was non-refundable.

Mr L didn't accept the view. He asks for about £5,000 he lost on the replacement car, but he later said he'd be willing to compromise at £2,500.

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'm upholding Mr L's complaint in part. But it's important I say that I'm not requiring AXA to make a payment to him in respect of the loss of money he says is due to selling his car. I'll explain why.

I can see from the file that the motor dealer Mr L purchased his replacement car from later said it would likely have refunded Mr L if he'd asked.

I've read the file of evidence about Mr L's claim and subsequent complaint. And I can see that AXA did give him poor service when he contacted it and made a claim. AXA has acknowledged this and agreed to the revised compensation totalling £125.

Mr L has said he was told that he wasn't able to get a courtesy car due to his car likely being a write-off, and when AXA collected his car, the driver said he was there to collect "the write-off".

But I can see from AXA's notes that he was:

"advised that [supplier] do an assessment and for their report we decide on [the car] being total loss or not advised [supplier] time frames of 5 working days."

So I think it's fair I say AXA had told Mr L about the situation. From the file of evidence, this seems to have been said to him about two hours after he'd paid his deposit. But I can't see any mention that Mr L told AXA about his purchase until after it was complete.

It follows that I don't think I can fairly say AXA was responsible for Mr L choosing to buy his new car, and losing money on his original one.

But I agree AXA's service wasn't very good, and its initial assessment led Mr L to suffer some loss of expectation. I've thought about this carefully and considered this service's guidelines on compensation. And I think the sum of £100 in addition to the £25 it's already offered him for its poor complaint response is fair and reasonable. But I don't require it to do anything else.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint in part.

AXA Insurance UK plc should pay Mr L a further £100 compensation, in addition to the £25 it has already offered him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 September 2024.

Richard Sowden
Ombudsman