

## **The complaint**

Mr and Ms T complain about how Automobile Association Insurance Services Limited (AA) dealt with a claim on their motor insurance.

## **What happened**

Mr and Ms T had motor insurance through AA. Ms T was involved in a collision with another driver which was not her fault. She made a claim on the insurance and AA arranged for the car to be repaired.

When the car was returned Ms T says there was a strange smell, the vehicle felt different to drive, and it was difficult to change gears. Ms T contacted AA as she believed these issues were caused either by the accident or the subsequent repairs.

The approved repairer told AA the issues weren't caused by the accident. AA arranged for an independent inspection of the vehicle to see whether the issues were accident or repair related. The report said the problems were likely to be caused by wear and tear and weren't related to the accident, but suggested that the car should be referred to the main dealer to be stripped and more fully investigated.

The main dealer provided an estimate for the work needed to investigate the problem, which AA sent to its engineers to review. The engineers felt the issues were not accident related.

AA says it told Ms T that if the issue was found to be caused by wear and tear, it wouldn't cover the cost of the investigatory work. Ms T says this wasn't made clear to her.

After carrying out its investigations, the main dealer also deemed the issues not to be accident related. AA therefore declined to pay for the repairs or the investigation by the main dealer.

All this took time and Ms T had to chase AA to find out what was happening. Ms T was also without her car and says she incurred costs including for alternative transport. She found the whole process very stressful. Ms T says that there was a lack of clarity around the inspection process and she wasn't told about her options.

Mr and Ms T weren't happy about this and complained to AA. AA said although it didn't agree with their complaint about the repair quality and the additional issues raised, it recognised that communication was poor and Ms T had to wait longer than necessary for the matter to be concluded. AA apologised and said it would pay Mr and Ms T £150 in recognition of the service they received.

Mr and Ms T weren't happy with AA's response and complained to this service. Our investigator upheld the complaint concerning the standards of customer service and said the compensation should increase to £250.

The investigator didn't uphold the complaint about the subsequent investigative work at the main dealer or the later repairs to the vehicle.

AA agreed with what the investigator suggested but Mr and Ms T did not so the complaint has been passed to me, Mr and Ms T want compensation to cover the expenses incurred and the review by the main dealer and subsequent repairs.

In her email requesting that the complaint be referred to an Ombudsman Ms T makes reference to the Consumer Duty:

*“I would hope this can be further considered under the FCAs Consumer Duty as The AA have not met the requirements of the four outcomes or cross-cutting rules.”*

The Financial Conduct Authority’s Consumer Duty sets standards of consumer protection across financial services and requires firms to put their customers’ needs first. In complaints where it’s applicable, it may be a relevant consideration in deciding a fair and reasonable outcome. The Consumer Duty has applied to ‘open’ products and services from 31 July 2023. (Open products and services are those that are currently available to buy or renew such as this insurance.)

The Consumer Duty doesn’t apply retrospectively to complaints about events, acts or omissions that happened before this date. The events Mr and Ms T are complaining about happened before 31 July 2023 so the Consumer Duty doesn’t apply.

### **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 uphold Mr and Ms T’s complaint in relation to the customer service issues but not in relation to the repairs. I’ll explain why.

It’s not my role to decide if the problems with Mr and Ms T’s car were caused by the accident or by something else. My role is to decide whether AA dealt with the claim fairly and reasonably.

Mr and Ms T’s insurance policy documents from AA said:

#### ***“What is the type of insurance?”***

*Car insurance provides cover against your liability to third parties following a road traffic accident and loss or damage to your own car.”*

The documents go on to say what isn’t covered:

*“x Mechanical, electrical, electronic or computer fault, failure, malfunction or breakdown*

*x Damage caused by deterioration, wear and tear or depreciation”.*

These are common terms in motor insurance policies and ones which this service generally considers to be fair and reasonable.

AA had expert advice from its own engineers and from the main dealer saying the problems with the car weren’t accident related. I’ve seen no expert evidence that contradicts this. So based on this advice the problems with the car weren’t covered by Mr and Ms T’s policy.

I think AA made it clear to Ms T in a phone call that if she wanted the main dealer to carry out further investigations, she would have to pay for this if the conclusion was that the issues weren’t accident related. In the same call AA told Ms T that if the problems were accident

related AA would pay for all the work. Once the main dealer had the car it provided a verbal estimate which Ms T discussed with AA in a further phone call. AA again explained to Ms T that if the issues with the vehicle weren't accident related, AA wouldn't pay for the investigation or repairs. So I think Ms T was informed about her options.

I think it was and fair and reasonable for AA to rely on the opinions of its own expert engineers and those from the main dealer that the problems with the car weren't related to the accident, especially in the absence of any expert opinion saying otherwise. So I don't think AA should pay for any repair or other costs Mr and Ms T incurred after the initial repairs.

However I do think that AA's customer service was poor. Ms T had to repeatedly chase AA to find out what was happening and the whole process caused her a lot of stress and anxiety. AA has already paid Mr and Ms T £150 in respect of this. But I think AA should pay Mr and Ms T a total of £250 in recognition of the distress and inconvenience caused. This is in line with what this service would usually suggest.

### **My final decision**

For the reasons given above I uphold Mr and Ms T's complaint in relation to the customer service issues but not the repairs. I require Automobile Association Insurance Services Limited to pay Mr and Ms T a total of £250 in recognition of the distress and inconvenience caused by the poor customer service. For the avoidance of doubt, if Automobile Association Insurance Services Limited has already paid anything to Mr and Ms T in compensation for the customer service issues in relation to this claim, it only needs to pay the difference to make a total of £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Ms T to accept or reject my decision before 18 October 2024.

Sarah Baalham  
**Ombudsman**