

## **The complaint**

Ms E has complained about the way AA Underwriting Insurance Company Limited (AAUICL) dealt with a claim she made under her car insurance policy.

## **What happened**

Ms E made a claim following an incident to her insurer AAUICL. Ms E was in a hire car for up to 21 days in line with her policy. Following a call with AAUICL, Ms E believed her claim was to be settled as a total loss. So she expected AAUICL to pay her the market value for her car. As the 21 days was approaching to return the hire car, Ms E went on to buy a replacement car.

However, around a week later, AAUICL said Ms E's car was repairable. So it arranged for repairs to be carried out. Ms E was very unhappy about AAUICL's decision. And when the car was returned to Ms E after repairs, she said there was further damage to her car.

Following an inspection and further communication between Ms E and AAUICL, AAUICL agreed to pay the full costs Ms E paid to her preferred garage for rectification repairs.

Ms E complained to AAUICL about its communication with her in relation to settling the claim, the poor quality of repairs and the need for rectification repairs. Ms E said she was caused stress and losses as a result of AAUICL's poor handling of the claim and delays.

AAUICL upheld Ms E's complaints. It accepted that it had caused delay in assessing Ms E's car and in a key call it had led her to believe a settlement for the total loss value of her car was pending to be paid to her. This was incorrect as AAUICL was at this time waiting for an engineer's assessment on whether the car was repairable or not.

AAUICL accepted it provided a poor service to Ms E following what it called a serious oversight and lack of care by its agent. For the distress and inconvenience caused, it paid £300 compensation to Ms E and it waived the excess Ms E would have otherwise needed to pay the approved repairer (AR) following repairs.

In a follow up response, AAUICL agreed to pay a cash settlement for rectification repairs at a garage of Ms E's choosing. The final costs for rectification repairs were more, which AAUICL agreed to pay.

Ms E remained unhappy and asked us to look at her complaint. Our Investigator thought AAUICL had gone some way to resolve things, but recommended it should pay Ms E a further £200 compensation.

AAUICL accepted the Investigator's view. Ms E didn't agree. In summary she says she has not been put back in the position she would have been but for AAUICL's errors. She had to pay to insure and tax two cars between December 2023 and April 2024 until her car was suitably repaired to sell. Ms E says the time it took to resolve matters and the inconvenience and distress caused was not minimal.

Ms E believes a fairer compensation award is £2,500. So the case 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.

There's no dispute that AAUICL's handling of Ms E's claim has been very poor and caused Ms E considerable distress and inconvenience.

Had AAUICL promptly dealt with her claim, Ms E would not have been put to the trouble of searching for a replacement car and committing to finance to pay for a replacement car. I can appreciate that discovering AAUICL intended to have her car repaired after making such a big financial decision was a shock for Ms E.

It's clear that there was further distress and inconvenience caused to Ms E when her car was returned to her following repairs in December 2023. There was considerable back and forth between Ms E, the AR, AAUICL and Ms E's preferred garage. During this time, Ms E needed to pay for tax and insurance for two cars – and then the time and inconvenience in selling the repaired car. From the date of Ms E's claim to the date AAUICL paid for the rectification costs, this was five months.

I've looked at what AAUICL has done to resolve Ms E's complaints. It paid Ms E £300 compensation and waived the £250 excess Ms E would have had to pay irrespective of how AAUICL settled her claim. With the Investigator's recommended compensation award of a further £200, this brings the total compensation sum to £750. I understand Ms E says the insurance premium for her replacement car is higher, but I can't take any difference into account. And while I agree AAUICL's failings here were considerable, Ms E has eventually been put in a position to sell the car once rectification repairs were completed. And the amount received will contribute towards the costs of Ms E's replacement car.

I don't underestimate the impact AAUICL's errors had on Ms E. The awards which we give for distress and inconvenience are modest. Having considered the overall compensation of £750, I think it is within the range of reasonable and in line with awards we give in similar circumstances.

## **My final decision**

I'm sorry to disappoint Ms E. My final decision is that I uphold this complaint. I require AA Underwriting Insurance Company Limited to pay Ms E £200 compensation in addition to the £300 compensation and waiving of the excess it has already paid.

AA Underwriting Insurance Company Limited must pay the compensation within 28 days of the date on which we tell it Ms E accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at a simple rate of 8% a year.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 30 October 2024.

Geraldine Newbold  
**Ombudsman**