

The complaint

Mr D complains about the way AXA insurance UK Plc handled a claim he made on his motor insurance policy, which caused him to unfairly be charged storage costs.

What happened

In May 2023 Mr D was involved in an incident whilst driving, causing damage to his car. He contacted AXA from the roadside, with whom he held cover for third party, fire and theft. AXA arranged for the vehicle to be collected and stored. At the end of June, when the claim was concluded, AXA told Mr D he would need to pay around £1,400 in storage costs for the vehicle. It said as Mr D didn't have a comprehensive insurance policy, those costs weren't covered as part of it.

Once notified, Mr D paid the storage cost, recovered his car and complained to AXA. He said it hadn't been clear with him that his insurance wouldn't cover him for the storage of the car. He said he'd tried to clarify this with AXA on several occasions, but it hadn't given him the necessary information.

AXA was satisfied it gave Mr D the correct information when he'd first called it to report the incident. But AXA accepted that in later calls with Mr D in June 2023, it hadn't mentioned the storage costs. It offered £175 compensation to apologise for the unnecessary distress and inconvenience caused.

Unsatisfied with AXA's response, Mr D brought his complaint to the Financial Ombudsman Service for an independent review.

Our Investigator thought AXA should pay the storage costs for the entire period the car was in storage. She said AXA did correctly advise Mr D on the first call that he'd be charged for storage if he didn't have fully comprehensive insurance. But as AXA had later accepted it didn't provide Mr D with the necessary information relating to his storage costs when he had further contact with it, she said it wasn't fair for it to charge him for storage.

Mr D accepted the outcome, but AXA didn't. It said it had provided phone call evidence which demonstrated Mr D was told about storage costs, as well as a letter sent during the claim.

In August 2024 I issued a provisional decision on this complaint. A copy of what I said is below.

I've listened to the call from immediately after the accident, Mr D is told he's through to the "AXA emergency recovery service". He's told as this is an out of hours service, the handler doesn't have access to his policy details, so they'll recover the car on a disclaimer basis. The handler says they'll collect the car on the basis Mr D has fully comprehensive insurance, and if he doesn't, he may be liable for the cost of the recovery and the storage. Mr D agrees to go ahead. He's told by the handler that AXA would then be in touch the following day to discuss the policy.

Mr D says he did speak to AXA the following day and wasn't told he'd need to pay for storage. He says he was told it would be covered. AXA says it has no record of a call on the day after the accident – 15 May 2023 – and as the disclaimer was given the day before, it says Mr D should have been aware of storage costs and so is liable for them.

Whether AXA has records of a call or not, I consider it should have made one, given the comments from the out of hours team that AXA would be in contact to go through the policy details. The claim notes provided by AXA show the claim was first registered on its system on 15 May, showing some activity by AXA must have taken place on this day. Mr D also emailed AXA on 16 May, this email says that he spoke to someone yesterday who said he wouldn't pay for storage, but he'd since been told by a friend that may not be the case, so he wanted to make sure.

On balance, I'm more persuaded by Mr D's testimony here; I think it's more likely that a call did take place on 15 May. His email from the time suggests he spoke to someone, and given he was then asking for confirmation in writing, I consider it supports that he was told storage costs would be covered.

Mr D sent another couple of emails asking the same thing about whether he needed to pay for storage, and what was happening with his car. These emails weren't responded to by AXA. It hasn't provided an explanation for that. On 2 June, AXA wrote to Mr D about the claim. It says this supports that it made Mr D aware of the position of the claim, and the storage costs.

I've read that letter; it says as his cover is only third party, fire and theft, that AXA wouldn't deal with any necessary repairs to his car. However, the only mention of storage in this letter is the following:

"In the event of your vehicle being declared a total loss, we will remove it to a safe place of storage chosen by us."

I think this rather confuses the issue. It certainly doesn't mention that this storage cost would have to be met by Mr D. Mr D mentioned in his first call with AXA that he thought the car would be a total loss. So bearing that in mind, I think Mr D might reasonably have read this letter and thought it confirmed that AXA would take care of the storage.

Taking all of the above into account, I'm minded to decide AXA failed Mr D. I think it either told Mr D he'd be covered for his storage costs or failed to call him when it should have done to discuss the matter and then didn't make it clear, when it had more than ample opportunity to do so, that he wouldn't be. I don't think this letter supports AXA's position that it made clear storage costs wouldn't be covered.

In response to the Investigator's view, AXA has provided a second phone call, made on the same day as the letter was sent – 2 June. In this call Mr D says he hasn't heard anything and doesn't know what is going on with the vehicle. He's told by the adviser that he wouldn't hear anything until the claim was concluded, as AXA wouldn't deal with his vehicle, given he was only covered for third party, fire and theft. But AXA doesn't mention that Mr D is incurring costs for storage of a vehicle it has no intention of repairing. That was unfair of it – it left him vulnerable to costs which could have been entirely avoided.

I think it's clear from the calls, emails and Mr D's testimony that he wasn't familiar with the claims process. I'm minded to decide AXA could and should have been aware by 2 June that his car was incurring storage costs and advised him accordingly, especially when I consider that the storage unit told Mr D it had been updating AXA on costs frequently.

When the claim was finalised at the end of June and Mr D was told of the storage costs, he says he paid this straight away and arranged for the car to be removed. I'm persuaded by his testimony that he'd have done this sooner, had AXA been clearer with him, as I think it should have been. So it follows that I'm minded to decide AXA needs to take action to put matters right.

Our Investigator said AXA should refund all of the storage costs, but I don't think that is appropriate. When Mr D referred his complaint to this Service, he said he'd accept paying for the recovery of the car and storage for one night, as it did need to be recovered from the roadside. And given he called the out of hours team, I think he'd have always needed to pay for storage of the car for one night. So I'm minded to decide he would need to pay what it cost for the recovery and one night in storage.

However, I'm not currently satisfied it's fair to ask Mr D to pay any further storage costs, so AXA will need to reimburse Mr D what he paid for storage after that first night. And as Mr D has been unfairly without those funds, AXA will need to add 8% interest onto that amount, from the date Mr D made the payment, until the date of settlement.

AXA has offered £175 compensation for missing opportunities to be clearer with Mr D on storage costs, however I consider this should be increased to £300. Mr D says the shock of finding out he'd need to pay the storage caused a great deal of worry, given the large sum of money he needed to pay at short notice. He's explained the impact this had on his wellbeing, so I think an award of £300 compensation is fair and reasonable in the circumstances.

My provisional decision

My provisional decision is that I'm minded to uphold this complaint. To put matters right, AXA Insurance UK Plc will need to:

- Reimburse Mr D what he paid for storage costs – minus the cost of recovering the vehicle and its storage for one night;*
- Add 8% simple interest per annum onto that amount, from the date Mr D paid the costs, until the date of settlement.*
- Pay Mr D a total of £300 compensation, less any amount already paid.*

Both AXA and Mr D responded to say they accepted the provisional decision and made no further points.

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.

Having done so and considering both parties have accepted my provisional findings without any additional comments, the findings of my provisional decision are now those of this, my final decision.

Putting things right

AXA Insurance UK Plc is required to:

- Reimburse Mr D what he paid for storage costs – minus the cost of recovering the vehicle and its storage for one night;
- Add 8% simple interest per annum onto that amount, from the date Mr D paid the costs, until the date of settlement.
- Pay Mr D a total of £300 compensation, less any amount already paid.

My final decision

My final decision is that I uphold this complaint, and I direct AXA Insurance UK Plc to settle matters as set out in the 'putting things right' section.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 24 September 2024.

Michelle Henderson
Ombudsman