

The complaint

Mr L complains AA Underwriting Insurance Company Limited handled his motor insurance claim poorly.

What happened

In April 2024 Mr L's car was damaged by a third-party (TP) vehicle. He claimed for the damage against his AA motor insurance policy. His car was considered a total loss. AA paid him a settlement. Mr L wasn't satisfied with the amount paid, so raised a complaint. He also complained about various other aspects of AA's service – including its failure to respond to his contact and to pursue recovery of uninsured losses from the TP.

In early June 2024 AA issued a complaint response. It apologised for frustration resulting from poor and confusing communication. It said it would take steps to improve this for him. AA paid £250 compensation as an apology. On the matter of Mr L's uninsured losses, it said it would make efforts to recover this from the TP but couldn't guarantee a positive outcome. AA considered it had fairly, and in line with the terms of the policy, settled for the total loss of Mr L's car. It apologised for having failed to process Mr L's Subject Access Request within the time limit. It said it would provide the information at the earliest opportunity.

Unsatisfied with AA's response, in July 2024, Mr L referred his complaint to the Financial Ombudsman Service. He made various complaint points including the following. He said no action had been taken against the TP for his uninsured losses. He was unhappy with the settlement offered for his car, considering it too little. He considered AA's lack of support left him dealing with the claim.

Our Investigator considered matters up until the date of the June 2024 complaint response. Events after that date have been considered in a separate complaint. For this complaint the Investigator felt AA's settlement for Mr L's car was fair and based on a reasonable market value. He also considered the compensation it had offered for poor service was fair. He didn't recommend AA do anything differently.

As Mr L didn't accept that as a resolution the complaint was passed to me to decide. He felt the Investigator hadn't appreciated the impact AA's conduct had on him.

In line with the Investigator I've considered events up until AA's June 2024 final response. I haven't considered Mr L's dissatisfaction with the service provided by his motor legal expenses provider. That insurance isn't provided by AA, so I can't consider his dissatisfaction with that claim in this complaint.

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.

As this is an informal service I'm not going to respond here to every point or piece of

evidence Mr L and AA have provided. Instead, I've focused on those I consider to be key or central to the issue. But I would like to reassure both that I have considered everything submitted.

I've first considered Mr L's dissatisfaction with AA's settlement for the total loss of his car. His policy says, for a claim, the most AA will pay is the market value of the car. Market value is defined by the policy as the cost of replacing Mr L's car with one of the same make, model, age mileage, specification and condition at the date of the accident or loss.

I've considered if AA's settlement is fair and in line with these terms. When looking into these types of complaints we check trade guides, adverts and other relevant evidence. We consider whether the insurer has made a reasonable offer in line with the evidence. We generally find the guides persuasive as they're based on nationwide research of likely selling prices, so they can be more reliable than individual adverts. But as I've said we do consider other evidence.

I've considered valuations provided by AA. They value Mr L's make and model of car, around the time of the loss, using mileage of about 167,000. I'm satisfied that was a reasonable mileage, having seen an October 2023 MOT recording of around 163,000.

The three valuations were £3,120, £2,895 and £2,789. AA's settlement market value is £2,935. I note it's below the highest of the valuations. However, having seen advert listings provided in one of the valuations I'm satisfied it represents a fair market value. The adverts include examples from the same year as Mr L's. One, offered at £2,500, had very similar mileage to Mr L's. The other, with 45,000 less miles, was priced at £2,990.

To support his position, Mr L's provided an invoice for a replacement car he purchased. It cost around £7,000. I don't agree it supports AA's settlement being too low. His new car is from the same manufacturer, but a different, higher value, model. It's also two years younger, with 50,000 less miles on the clock. For those reasons I don't consider it comparable to, or useful for understanding the value of, Mr L's damaged car.

Mr L has also pointed to second hand car prices having increased. That may be correct, however I'm satisfied the valuations, for the time of the loss, take any such factor into account.

I've also considered Mr L's comment on recent expenditure on the car. He considers this will have increased its value. He has explained exactly what work was undertaken or what parts replaced. Generally, money spent on maintenance keeps the vehicle roadworthy and in retail condition, rather than increasing its value. If a major part, like the engine, has been replaced that might increase the value. But I haven't seen anything to support such a significant part being involved in Mr L's expenditure.

Having considered everything provided, I'm satisfied AA's settlement is fair and in line with the policy terms.

Mr L's frustrated AA didn't do more, in the period considered by this complaint, to try to recover his uninsured losses, including hire car costs, from the TP. AA said it would make efforts to recover these losses. I can't fairly find AA didn't do enough here. That's because it was under no requirement to recover these losses, so any action it took was it going beyond its contractual obligation. Mr L's motor legal expenses policy, rather than his AA motor insurance policy, is the appropriate insurance for recovery of uninsured losses.

I'm not going to require AA to pay any additional compensation. I've considered Mr L's comments on the impact of AA's claims handling on him, including its failure to respond to

his correspondence. Having done so, I'm satisfied its already paid him enough compensation to recognise the impact of any poor service provided in the relatively short period covered by this complaint.

My final decision

For the reasons given above, I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 24 March 2025.

Daniel Martin
Ombudsman