

## **The complaint**

Mr S complains about how AA Underwriting Insurance Company Limited (The AA) handled a claim he made on his after the event insurance policy.

Reference to The AA includes its agents.

## **What happened**

Mr S held a motor insurance policy underwritten by another insurer I'll call C, and administered by a broker I'll call B.

When he was involved in an accident, he called B to help make a claim on his policy with C. But due to the circumstances of the accident, instead of claiming on the policy with C, B set up an after the event policy with The AA.

Mr S's policy with The AA offered him cover for the cost of recovering and repairing his vehicle, as well as providing a hire to use while his was being repaired. What Mr S's policy didn't cover him for though, was the cost of his vehicle if it was deemed a total loss (unable to be repaired or uneconomical to do so).

When it assessed Mr S's car, The AA thought it was uneconomical to repair, so it passed the claim to C to deal with under Mr S's motor insurance policy.

C accepted and paid Mr S's claim by writing his car off and paying him what it thought was the market value it. Because Mr S wanted to keep his car, C deducted an amount off the settlement which it said represented the value of the salvage.

When Mr S took back possession of his car, he said there were parts missing. He also said his personal possessions weren't there either.

Mr S received conflicting information about where his personal belongings were and who was responsible for them. But eventually, he was told The AA did have them and that they were ready for him to collect.

The AA said in dealing with the repairs to Mr S's car, it didn't need to keep the parts it was planning to replace and so didn't think it had done anything wrong by removing them.

Mr S wasn't happy with this response and complained. He said he wouldn't have wanted to buy back his car (keep the salvage for the deduction C made to the settlement of his claim) had he known further parts would be missing. And he wasn't happy with how The AA had dealt with his request for his personal belongings.

The AA apologised for the misinformation surrounding Mr S's personal belongings and offered £150 compensation. But it maintained it hadn't done anything wrong when taking parts off Mr S's car.

Mr S remained unhappy and brought his complaint here.

One of our Investigators didn't think it should be upheld. They thought The AA should have been clearer and swifter in identifying where Mr S's personal belongings were. They didn't agree The AA were acting reasonably when it removed parts from Mr S's car – but they didn't think this had caused Mr S any financial loss. Overall, they were satisfied the £150 compensation offered was reasonable.

Mr S didn't agree and asked for an Ombudsman's decision.

It's worth noting at this stage, in this complaint I'm only considering the actions of The AA in relation to the after the event insurance policy. I'm not looking into the actions of B in referring Mr S to The AA. Nor am I looking into the actions of C in settling Mr S's claim, which includes the amount it deducted for Mr S keeping the salvage – although I may comment on it for context only.

### **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 satisfied from looking at the repair estimate that it was reasonable for The AA to pass Mr S's claim to C to deal with. The repair estimate looks like the car is uneconomical to repair. And Mr S's policy with the AA doesn't cover him for the cost of his vehicle.
- When The AA passed the car back to C, it wasn't in the same condition it was in when they received it. The AA says this is reasonable, because it needed to strip parts and assess damage. Our Investigator didn't think this was the case and thought those parts should be kept with the car. But our Investigator didn't think this had caused Mr S a financial loss.
- I can see Mr S's disappointment in receiving his car back in a different condition to the one he left it in. He's said he wouldn't have opted to keep the salvage had he known what condition it was in, and I can understand that. I can see why he would think this meant he's lost out financially too.
- But I'm not persuaded he has lost out financially. I'll explain why.
- Ultimately though, the decision to write off the vehicle and deem it a total loss lies with C, not The AA. And once that decision has been made, repairs will always be needed to make the car roadworthy. C could have relied on the report provided by The AA, or carried out its own assessment of the damage caused and the costs to fix. But I've not seen anything to suggest Mr S's car was repairable prior to The AA passing the claim to C. Nor have I seen anything to suggest that the parts removed from Mr S's car contributed to C's decision to write the vehicle off.
- Ultimately, by writing off Mr S's vehicle and paying him its market value, C is settling Mr S's claim in full. His car, under most circumstances C would keep the car, and so any damage to it following the decision to write it off would not financially affect Mr S.
- But, here, Mr S elected to keep his car, so, in line common practice, C made a deduction for the cost of the salvage – i.e. the value of the written off car in its damaged state. What C deducted for that salvage is its decision, and if that's something Mr S isn't happy with, that's a complaint for C to answer. But C deducted the amount for salvage, after the parts were removed by The AA.

- As mentioned above, I'm not looking into the actions of C, but the above is relevant context. For Mr S to be at a loss, he'd have to show that C fairly deducted the amount it did from his settlement for salvage, but that the removal of the parts by The AA devalued the salvage below what C valued it at. So he'd have to show that due to The AA removing parts, his settlement from C was lower than it otherwise would have been. And I'm not persuaded he's done that.
- I understand Mr S's point that he wouldn't have taken up the option of keeping the salvage had he known the condition of it, but that's not something I hold The AA responsible for. That's a dispute between Mr S and C.
- What's more, even if the car was returned in the condition Mr S was expecting, looking at the repair estimate, the majority of the missing parts were noted as needing replacing anyway. Further pointing to the removing of parts by The AA not causing Mr S a financial loss because he'd have needed to replace them anyway.
- Turning to Mr S's personal possessions, it's clear the communication and accountability taken surrounding these wasn't at the level it should have been. It took far too long to get an answer, and Mr S was given conflicting information on more than one occasion. That's clearly caused Mr S distress and inconvenience. I'm pleased it's now clear where those belongings are, and that Mr S can retrieve them. And I'm satisfied the £150 compensation offered is fair and reasonable in all the circumstances.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 January 2024.

Joe Thornley  
**Ombudsman**