

The complaint

Mr T complains about AXA Insurance Designated Activity Company's decision to decline his car insurance claim.

What happened

In December 2023, after storms and flooding, the power steering on Mr T's car stopped working and his car broke down. He drove to the nearest garage and was advised of an electrical problem, so he made a claim with AXA. AXA initially declined the claim and relied on the exclusion for mechanical and electrical breakdown.

Mr T complained to AXA. He said the damage occurred after he drove through standing water. He was unhappy AXA didn't provide a courtesy car, because he didn't take his car to an approved repairer (AR).

AXA then provided Mr T with a courtesy car and arranged further inspections. It found a large crack on the steering rack electric motor and maintained its decision to decline the claim. It said the steering rack sustained internal mechanical failure and this wasn't covered.

Mr T was unhappy with AXA's decision. He said the damage should be covered and there had been delays overall on the claim.

AXA issued a complaint response in February 2024. It said there was no obvious signs of impact damage. It relied on the policy exclusion for mechanical or electrical breakdown. But it agreed to cover the diagnostic costs of the garage Mr T took his car to.

Mr T referred his complaint to the Financial Ombudsman Service. He said he took his car to the nearest garage after it had broken down, and the ARs AXA provided would only provide a courtesy car for the duration of repairs, once they had the necessary parts. He was unhappy the courtesy car AXA later provided was withdrawn and. He said he'd only reported flooding, not a crack or impact damage. But he said this damage was most likely caused by an impact or accident, leading to water ingress and power steering failure.

Mr T said he'd had to source a new car, so was now paying finance on two cars, causing him stress. He wanted AXA to repair his car or pay him the value of the car, along with compensation, and reimburse the costs he'd incurred.

The Investigator didn't uphold the complaint. They said AXA had acted fairly in relying on the policy exclusions to decline the claim. They also said AXA wasn't wrong to initially advise there would be no courtesy car cover, but because it did later provide and extend courtesy car cover, there had been no significant failing on its part.

Mr T didn't agree. He said there was a large crack in the electrical unit, and this wasn't the result of mechanical failure. He said the crack was caused by impact. He said he didn't report any impact when he made the claim, as the driving conditions were as most people feel when driving in similar conditions, and debris in water can't be felt.

Because the complaint couldn't be resolved, it's 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.

I should first set out that I acknowledge I've summarised Mr T's complaint in a lot less detail than Mr T has presented it. Mr T has raised a number of reasons about why he's unhappy with AXA. I've not commented on each and every point Mr T raised but, instead I've focussed on what I consider to be the key points I need to think about. I don't mean any discourtesy by this, but it simply reflects the informal nature of this service. I assure Mr T, however, that I have read and considered everything he's provided.

AXA's decision to decline the claim

Mr T's policy provides cover for loss or accidental damage to his car. But it excludes mechanical or electrical failure, breakdowns or breakages.

AXA declined Mr T's claim because it said there was no cover for mechanical or electrical breakdown. So, I've considered whether it acted fairly in applying this exclusion.

When the claim was first made, Mr T said there had possibly been an ingress of water. Although AXA initially said this was a fault with the steering rack, it did agree to arrange a further inspection, including removal of the steering rack, which I consider was fair.

I've seen AXA's review of the damage following the further inspection. AXA said there was a large crack on the side of the steering rack electric motor. It has provided photos showing this crack, and I think this is likely what caused the steering problems Mr T experienced that led to his claim.

AXA also said the crack appeared very dirty and didn't show a clean fresh break. It said there was no evidence of impact marks in or around the area of the steering rack, and there was no water found within the rack. I've reviewed the pictures provided, and I think AXA's conclusions are fair and reasonable. I say this because the pictures don't show any water ingress or damage to this area, and I don't think they show evidence of impact that would have caused the crack. I've not seen evidence of any expert comments to say otherwise, so I'm persuaded the cracking was more likely than not a result of internal mechanical failure.

I've not seen sufficient evidence to persuade me this damage was caused by an accident, or impact. Mr T said there would have been splashing/swashing when he drove through water at a depth of 525mm or less, but I've not seen sufficient evidence to persuade me this would have caused the cracking shown in the pictures AXA provided.

For the reasons outlined above, and because the policy doesn't cover mechanical breakdown, I think AXA acted fairly in declining Mr T's claim.

Courtesy car

Mr T's policy says AXA will provide a courtesy car while repairs are being carried out by its AR. Mr T says he drove his car to the nearest garage when his car broke down. While I understand his reasons for doing so, I've not seen evidence that this garage was an AXA AR, so I don't think AXA was wrong to initially tell him he wasn't entitled to a courtesy car.

Mr T said AXA's ARs told him they couldn't complete the repair on site, or provide a courtesy car until they received the necessary parts. I've not seen evidence to show this, but I'm prepared to accept what Mr T said. And I can see his car remained with the garage he took it to, for all the inspections.

AXA provided Mr T a courtesy car from 22 December 2023 to 8 January 2024. So Mr T was given a courtesy car for around 17 days, despite his car not being repaired under his policy, and despite AXA's initial and final decision to decline the claim.

AXA was not required to provide a courtesy car under the terms, but it provided one for around 17 days. So, I don't think AXA acted unfairly overall.

Delays

Mr T made the claim with AXA in mid-December 2023. After initially declining his claim, AXA agreed to arrange further inspections in January 2024, through Mr T's chosen garage. But the garage was unable to carry out the inspection until February 2024 – this was not within AXA's control. AXA communicated its final decision to Mr T shortly after that inspection.

So, overall, in the circumstances, I think AXA progressed Mr T's claim within a reasonable amount of time.

AXA indicated its initial decision to decline the claim to Mr T in December 2023, shortly after he made the claim. Although it agreed to arrange a further inspection, I can't see that it told him it would be paying the claim. So, I don't consider it fair to hold AXA responsible for Mr T's decision to acquire a second car on finance. For this reason, I won't direct AXA to compensate or reimburse him for this.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 9 January 2025.

Monjur Alam
Ombudsman