

The complaint

Mr K complains about how AXA Insurance UK Plc (“AXA”) handled a claim under his car insurance policy.

What happened

Mr K had a motor insurance policy with AXA covering his car.

The incident involved a named driver on his policy, but for ease I’ll refer to Mr K throughout.

In October 2023 he was involved in a collision with a third-party vehicle. He contacted AXA and made a claim. AXA said it would repair his car. As part of the repairs, it said he would need to pay his excess of £700.

Mr K was struggling to pay his excess. He asked the third party had admitted liability for the collision. AXA told him it hadn’t heard from the third-party insurer.

As he couldn’t afford the excess, Mr K decided to wait until liability was admitted before the repairs could happen. He told AXA about this.

He asked AXA to help him make a claim for personal injury. AXA provided him with the information he needed, but Mr K wasn’t happy with the way his request was handled. He made a complaint. AXA apologised, and paid him £50 as a goodwill gesture and because his call ended prematurely.

Mr K didn’t hear from AXA and he decided to complain to it in March 2024.

AXA told him it’d heard from the third-party insurer on the same day he’d asked about liability, and the third party took responsibility for the collision. AXA said it would repair his car, not charge him the excess, and pay him £225 as compensation for its mistake.

As Mr K had been struggling to pay his excess, he’d already sold his car.

He remained unhappy and brought his complaint to this service. He asks that AXA pays for his losses on the car. He also complains that AXA didn’t help him make a personal injury claim. He doesn’t think £225 compensation is enough.

Our investigator looked into his complaints and thought his complaint wouldn’t be upheld.

Mr K didn’t agree with the view. He said AXA’s mistake meant he was forced to sell his car, and he suffered considerable stress and depression.

Because Mr K didn’t agree, this complaint has been passed to me to make a decision.

I issued a provisional decision because I thought AXA should pay more for Mr K’s distress and inconvenience:

I’ve only provided brief details of Mr K’s claims journey above, but I’d like him to know that

I've read all of the file of evidence I've been provided even if I don't mention it further here. This is in line with the informal nature of this service's approach.

Mr K has made a further complaint about settlement of his claim. From the file, I can't see that he's made this complaint to AXA, or that it's issued him with its final response. So I'm not able to consider it further here. If Mr K remains unhappy about that aspect of his claim he's free to make a further complaint to AXA and this service in due course.

It's my intention to uphold his complaint in part, but I don't agree AXA needs to pay Mr K money towards the amount he lost selling his car. I'll explain.

I can see from the file that Mr K spoke to AXA on 31 October, about eight days after the collision. At the point he spoke to AXA, it had already been told liability had been admitted for the collision by the third party. So Mr K's repairs could have been started quickly and without his excess being applied. Unfortunately there's no copy of the call.

Clearly AXA made an error here, and it has admitted this in its final response.

Mr K then decided to cancel the repairs because he couldn't afford the excess. He's said he tried to approach the third-party insurer, but it wouldn't pay out for his losses.

So, Mr K decided to sell his car. I can also see he's said that some of the damage that'd been caused to it had meant a leak developed and water entered the electrical system, causing further problems.

I've thought carefully about this. AXA made a substantial error in not telling Mr K his car could be repaired when the information was already in its possession. Mr K tried to claim directly, to save his excess, but ended up selling his car to recoup some money, and he's told this service he sold the car for significantly less than what it should have been worth.

But he doesn't seem to have gone back to AXA and asked for help. And I think it's fair I say if he'd done so, he'd likely have been told liability had been accepted and repairs could start.

For whatever reason, Mr K didn't do this.

What I need to consider here is whether AXA is responsible for Mr K selling his car. And on the evidence I have, I can't agree that it is. The file shows that the estimated repairs to his car would have cost about £1,000. And instead of paying this amount, due to his financial issues, Mr K sold his car and is asking AXA to pay the £7,000 he's lost.

But as I say above, I can't see that Mr K gave AXA the chance to deal with the problem beyond the error it'd made in late October.

So, I can't fairly say it needs to pay towards the value Mr K now says he's lost.

AXA has waived his excess, which is fair and in line with what I'd expect given the third party accepted responsibility for the collision.

But I also think AXA should have done more here. It made a mistake in October by not realising liability had been admitted. And I think this was a simple mistake, but which had large consequences. Mr K then seems to have added to the problem by not speaking to AXA about it, but AXA also didn't try to update him over the next few months about the claim.

And given that he'd apparently told AXA about his issues with paying the excess, I think it's fair I say Mr K was in a vulnerable position and should have been given more consideration

by it. I also think it's fair I say that AXA should be updating its policyholders during their claim – and particularly when they have raised an issue of unaffordability like this. The key point here is that the third party admitted responsibility and their insurer agreed to settle the claim and provide assistance to Mr K. And I don't know why AXA didn't tell Mr K this, or at least have a system that would keep him up to date periodically.

Taking all this into account, I don't think I can fairly ask AXA to pay for Mr K's losses on his car, as he chose to sell it and doesn't seem to have asked AXA for further help. But I do think AXA needs to pay additional compensation to Mr K because it made the initial mistake and then didn't update him as I'd expect.

Mr K has told this service about his distress and inconvenience and I can see this took place over a few months. As AXA's error and poor service caused Mr K considerable distress, I think an appropriate level of compensation for its poor claims handling should be set at £500, which is £275 more than AXA has offered him.

I've also thought about Mr K's request for help in making a personal injury claim. I've looked at the information given to him by AXA and I think it's clear and deals with the restrictions placed on AXA by the Data Protection Act. I understand Mr K was unhappy about the way his call was handled, but I think AXA has apologised and paid a further £50 for this. And I think its payment is fair.

Responses to my provisional decision

AXA accepted my provisional decision.

Mr K responded and said he thought AXA should pay more towards the value he lost in his car.

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've read Mr K's response. I've explained above that I don't think Mr K gave AXA the opportunity to try and help him further, and it has paid him in line with the policy terms.

I'd also remind him that this decision doesn't include the other part of his complaint. So if he's unhappy about other aspects of his claim then he's free to make a further complaint to AXA, and this service in due course if he remains unhappy.

As AXA has accepted and Mr K hasn't provided me with further information to change my decision, my final decision and reasoning remain the same as in my provisional decision.

My final decision

For the reasons set out above, my final decision is that I uphold this complaint in part. I direct AXA Insurance UK Plc to pay Mr K a further £275 compensation for the poor handling of his claim.

AXA Insurance UK Plc must pay the amount within 28 days of the date on which we tell it Mr K accepts my final decision. If it pays later than this, it must also pay interest on the amount from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 3 February 2025.

Richard Sowden
Ombudsman